

# The NATIONAL UNDERWRITER

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The National Weekly Newspaper of Fire and Casualty Insurance

## Producers Oppose Some AR Changes PREMIUMS AND CLAIMS

N.Y. STATE ASSIGNED RISK PLAN

NEW YORK—The second session of the New York department's hearing on proposals of the insurers to increase rates and change some of the rules for assigned auto risks featured producers. In the main, they oppose surcharging clean risks 10% and increasing the other surcharges, and they object to some of the other proposed alterations in the plan, including payment of full premium with application.

A state legislator blasted the insurers for discrimination via the AR plan, as did a Puerto Rican attorney.

The discussion brought out that producers are having some difficulty getting FS-1s (evidence of insurance) when a vehicle is transferred. Newell Alford Jr., deputy superintendent who conducted the hearing, wondered if an insurer that is dilatory about furnishing FS-1s isn't placing its New York license in jeopardy. He questioned producers closely on whether they have had this kind of difficulty.

Mr. Alford was flanked by Joseph Oster of the department's legal bureau, Frank Harwayne, department actuary, and Andre Poy, supervisor of the property bureau.

A good many representatives of insurers and insurer organizations were on hand as listeners, including James B. Donovan of Watters & Donovan, general counsel of the assigned risk plan.

An additional proposal was made by

## Casualty Group, National Bureau In Annual Meetings

NEW YORK—Assn. of Casualty & Surety Companies and National Bureau reelected officers at their annual meetings here. The two organizations then held a joint luncheon.

Reelected by the association are Charles J. Haugh, vice-president of Travelers, president; J. Victor Herd, chairman of America Fore,



Charles J. Haugh

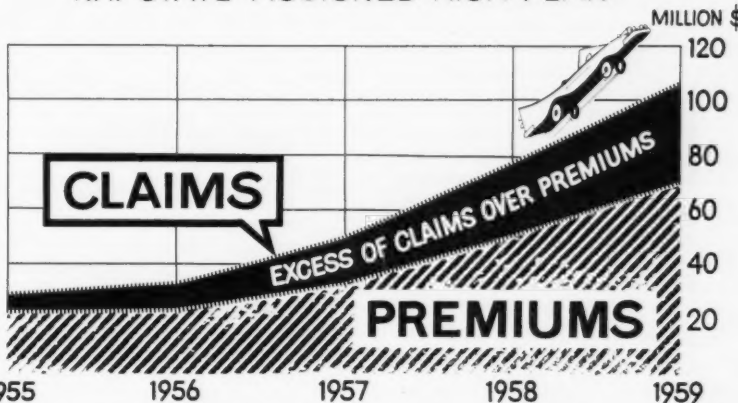


J. Victor Herd



Wm. Leslie Jr.

vice president, and J. Dewey Dorsett, general manager. American, Employers  
(CONTINUED ON PAGE 29)



William Karlin, vice-president of Empire Mutual, to encourage the insurers to write assigned risks in the regular way and thus help depopulate the AR

plan. He suggested that the insurer be required to furnish insured who has been in the AR plan the three year  
(CONTINUED ON PAGE 35)

## Hour By Hour Program Ready For NAIC Annual

The full agenda for the annual meeting of National Assn. of Insurance Commissioners at San Francisco May 30-June 3 is being distributed. Headquarters are in the Fairmont Hotel.

The schedule calls for a total of 43 meetings of subcommittees, committees, plenary sessions and zones.

NAIC is between innings of the Senate subcommittee on anti-trust and monopoly that has been delving into the operations of state insurance regulation, and not much excitement is expected to take place at San Francisco. The Gerber subcommittee on state laws and regulations as they apply to fire and casualty insurance rating has been holding hearings, but it is doubtful that a formal report can be expected so soon.

McConnell of California is the host commissioner.

Items of interest to fire insurance people as scheduled by hour, with the presiding officer and agenda, if any, are shown below:

Monday, May 30

9-11: Conference of NAIC members and their staffs with Stephen S. Jackson, deputy assistant secretary of defense.

11-12: Insurance problems, installment sales and loans subcommittee, Thacher of New York—Report on classification of auto physical damage risks.

11-12: Group fire and casualty insurance subcommittee, Grubbs of Nebraska—Investigation of reported groupings; statements regarding groupings; future policy to be followed.

11-12: Safe driving, merit rating and insure driver plan subcommittee, Hulbert of Utah.

1-2: Organization, ownership and certification of insurance companies subcommittee, Rinehart of Alabama.

1-2: Review of state insurance laws subcommittee, Pearson of West Virginia.

2-3: Credit life and credit A&H model bill

subcommittee, Gerber of Illinois—Possible amendments to model bill.

2-3: Reimbursement formula for hospital and service organizations subcommittee, Sears of Maryland—Federal employee insurance program to be covered by Blue Cross and Blue Shield; auditing of hospital operating costs.

3-4: Rentals paid at terminals by insurance  
(CONTINUED ON PAGE 8)

## NAIA Chief Poses Threat Of Union

Unionization of producers is a possibility unless more reasonable consideration is given to their problems, Paul H. Jones of Tucson, president of Na-  
(CONTINUED ON PAGE 29)

## Bird, Byrne Oppose Sale Of Universal To Shepard Broad

In a letter to stockholders, officers of Universal have indicated that they are opposed to sale of company control to Shepard Broad, chairman of Carolina Casualty and Carolina Home Life. At the same time, John T. Byrne, chairman of Universal, and S. Curtis Bird, president, announced that the directors of the company had recommended a 50% stock dividend with the expectation that the dividend would be maintained at \$1 on the new basis.

Messrs. Bird and Byrne are also directors of Talbot, Bird & Co., marine underwriting managers, who sponsor Universal.

The offer to buy 21,000 shares, or  
(CONTINUED ON PAGE 29)

## Steel Resigns As President Of Pacific National

A. E. Connick, chairman Pacific National Fire, has announced that John A.



John A. Steel

Steel has submitted his resignation as president of the company, effective June 1.

Mr. Steel joined Pacific National as president in 1956, replacing John Mylod, resigned. He had been president of Southwest General, and was 42 when he joined

the Transamerica organization.

Mr. Steel began his insurance career with the Mitchell, Gartner & Thompson agency of Fort Worth. He was Texas and Oklahoma manager of Home and Home Indemnity before he joined Southwest General in 1951.

## Ill. Lloyd's Brokers Fete London Visitor

Assn. of Lloyd's Brokers of Illinois held a reception and dinner last week for Sir Walter Barrie, former chairman of Lloyd's of London. Lord Barrie's visit to Illinois represented the first time a syndicate officer empowered to speak officially by the Committee of Lloyd's has appeared before the Illinois association since this type of business began in the state in 1912. In picture, from left, are Cameron Brown, president Geo. F. Brown & Sons, association chairman, Lord Barrie, and Leslie H. Cook of the firm bearing his name, who was in charge of arrangements.



since this type of business began in the state in 1912. In picture, from left, are Cameron Brown, president Geo. F. Brown & Sons, association chairman, Lord Barrie, and Leslie H. Cook of the firm bearing his name, who was in charge of arrangements.

# Marketing Trend Not A Revolution But Long Delayed Trial By Market

By JOHN N. COSGROVE

\* Based on talks at annual meeting of Iowa Assn. of Insurance Agents and at Milwaukee I-Day.

Confronted with unprecedented and increasing competition, traditional companies and their producers look upon it as a "Marketing Revolution in Insurance." This is the most over-worked cliché of the day. Yet the phrase is not only inaccurate as a description of what is going on; it is also mischievous making. It puts the situation

in an emotional framework and prompts many in the business to take arms on behalf of a selfish faction. They wind up in internal squabbles, while the person with the highest stake in the competitive contest, and the one who will ultimately decide it—the customer—is frequently forgotten.

The cold fact is that insurance is undergoing the same trial by market to which most other businesses have long been subjected. The very novelty of this objective scrutiny of insurance in the market place has led many in the business to regard the circumstances as a revolution. But what is really happening to the business is an inevitable and long overdue evolution. Revolution implies the complete and violent overthrow of all that has gone before. Evolution is a gradual development of something better out of whatever is worthwhile at present.

Thus, insurer managements must act as architects of an improved order rather than as house wreckers of the old.

## Management Must Have Aim

In addition, insurer management must have purpose. Unfortunately, traditional companies have often identified their purpose as "meeting the competition of exclusive agency and specialty companies." That aim is at the root of their trouble. It is not a sufficiently high goal, and it is altogether unworthy of that largest segment of

the business which has long played the major role and has the opportunity and even the obligation to continue in that part.

## Bear Equal Responsibility

While the ideal objectives of company management can easily be stated, it must be realized that for their attainment, all parties involved in the agency system must bear equal responsibility. This is particularly pertinent to those agents who may not always remember that anyone who de-

(CONTINUED ON PAGE 26)

## Cal. Brokers Seek Meeting With PFRB On New HO

Insurance Brokers Exchange of California has written Pacific Fire Rating Bureau requesting a meeting of producers and company representatives before the 1959 version of the homeowners policy is filed in that state. The brokers feel that they can make a contribution to the successful launching of this coverage.

## Concern Not Premature

The brokers' letter is signed by Liberto Nathan of the fire and allied lines committee, who says he does not feel it is premature to express "curiosi-

(CONTINUED ON PAGE 26)

## Philadelphia Wins Top U. S. Chamber Fire Safety Award

Greater Philadelphia won the grand prize in the U. S. Chamber of Commerce's 1959 fire safety contest.

Class winners were Cincinnati, cities with more than 500,000 population; Louisville, 250,000-500,000; Hartford, 100,000-250,000; Billings, 50,000-100,000; Fargo, 20,000-50,000; and Valley City, N. D., under 20,000.

Honor awards for cities over 500,000 went to Memphis, Minneapolis, San Diego, Baltimore, St. Louis, New Orleans, Chicago, Columbus, and Boston.

In the 250,000-500,000 category winners were Dayton, Oakland, Norfolk, Indianapolis, Omaha, and Akron. Honor awards for cities with populations of 100,000-250,000 went to Providence, Hammond, Ind., Grand Rapids, Fall River, Nashville, Jacksonville, Spokane, Chattanooga, Waterbury, Conn., and Winston-Salem.

## List Other Winners

Other honor award winners in various classifications were: From 50,000-100,000—Portland, Me.; Alameda, Cal.; Richmond, Cal.; Hayward, Cal.; Great Falls, Mont.; Racine, Wis.; West Palm Beach, Fla.; Anderson, Ind.; New Rochelle, N.Y., and Evanston, Ill.

From 20,000-50,000—Eau Claire, Wis.; Whittier, Cal.; Richland, Wash.; Rock Island, Ill.; Anchorage, Alaska; Watertown, N.Y.; Killeen, Tex.; Wausau, Wis.; Stillwater, Okla. and Haverhill, Mass.

Under-20,000—Port Angeles, Wash.; Jackson, Ala.; Windsor, Conn.; Sidney, Mont.; North Kansas City, Mo.; Great Bend, Kan.; Jacksonville, Tex.; Jamestown, N. D.; McAlester, Okla., and Albany, Cal.

Presentation of awards was made by Erwin D. Canham, editor of the Christian Science Monitor and president of the chamber, at its insurance breakfast in Washington.

## WC Rates Scheduled To Rise 6% In New Jersey

Compensation Rating & Inspection Bureau of New Jersey has promulgated and the New Jersey department has approved a 6% increase in manual WC rates, effective July 1. The 1958 calendar year loss ratio was 62.6 on earned premiums of \$95,236,809.

In the manufacturing group, the rate increase is 6.6%, in construction and erection 4.9%, and in all other 6%. There are 529 classifications that develop increases, 39 decreases and 4 unchanged.

The bureau has consolidated the full time and occasional servant classifications and eliminated the special payroll rated in-servant classification in connection with agriculture and horticulture, which results in a greatly simplified procedure.

## Holmes Will Win Again

John J. Holmes, Montana state auditor and insurance commissioner, is uncontested for reelection to office in November. Mr. Holmes has been Montana commissioner since 1932. He is now the dean of all Montana politicians, having been in elective office longer than anyone else. He and Commissioner William Sullivan of Washington are the deans among insurance commissioners in the U. S., both having assumed office in the first Roosevelt landslide.

## Administration Bill For Aged Care Plan Given To Congress

The administration, through Secretary Flemming of the Department of Health, Education & Welfare, has submitted to Congress its long-awaited program for A&S coverage for people age 65 and over. As presently constituted, the program is voluntary, has a deductible feature, which means that coverage will extend only to catastrophic and chronic illnesses, involves grants in aid to the states and is in no way tied to social security.

Annual cost of the program to the federal government, Secretary Flemming estimated, would be \$600 million and a like amount would be paid by the states.

### Important provisions are:

—All individuals over 65 would be eligible, provided their adjusted annual gross incomes do not exceed \$2,500 if they are single and \$3,800 if married. Such persons would be allowed to purchase A&S coverage under the program at a premium rate of \$2 a month, with the governments, state and federal in combination, paying the difference in the total premium rate.

—Policies would have a \$250 annual deductible for single persons and a \$400 deductible for married couples. Eligible parties would pay 20% of medical costs after the deductible figure. Public assistance cases would pay nothing into the plan and would be entitled to full benefits without paying the deductible.

—Benefits include hospital care, 180 days, skilled nursing home care, 365 days, organized home care services, 365 days, surgical procedures, laboratory and x-ray services up to \$200, physicians services, dental services, prescribed drugs up to \$350, private duty nurses and physical restoration services.

—Eligible persons could elect to choose an alternate plan in which they would deal directly with A&S companies for coverage with the understanding that the federal and state governments would pay 50% of premium costs up to \$60 annually.

—The program would be administered by the states. While the federal government would pay half the total cost, \$600 million a year, state payments would be equalized on a formula that would take into consideration each state's per capita income. States would be authorized to purchase A&S coverage from private companies.



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KEMPER  
INSURANCE

## Highlights of 1959

Assets \$391,537,524

Premium Income (sales): \$215,018,451

\*Underwriting Earnings: \$19,714,625 (after taxes of \$8,998,294)

\*Investment Earnings: \$9,098,482

\*Policyholder dividends: \$20,744,103

\*Excludes Life Company Operations

Fidelity Life Association of Fulton, Illinois, results are not included in the above figures. This life insurance company member increased insurance-in-force 19 per cent and dividends to policyholders 6.4 per cent in its second year as a member of the Kemper Insurance group.

## FINANCIAL STATEMENTS

## Lumbermens Mutual Casualty Company

Chicago 40

Statement at the close of business December 31, 1959, as reported to the Department of Insurance, State of Illinois (All bonds amortized. Stocks at book value, which is less than market value. If all stocks were valued at market, assets would be increased \$10,299,110.28. Surplus would rise by the same amount, less a reserve with which to pay the 25% capital gains tax.)

## ASSETS

Cash in banks	\$ 14,587,858.40
U.S. government bills, certificates and notes	91,574,911.20
U.S. government bonds	56,866,577.82
Canadian government bonds	6,002,802.19
State, county and municipal bonds	32,585,888.14
Public utility and other bonds	10,928,689.20
Stocks	17,466,633.57
First mortgages and collateral loans	901,366.09
Real estate (including company buildings)	16,825,543.77
Premiums in transmission	4,094,315.20
Accrued interest and other assets	2,943,945.67
<b>TOTAL ASSETS</b>	<b>\$254,778,531.25</b>

## LIABILITIES

Reserve for losses and adjusting expenses	\$127,034,868.00
Reserve for unearned premiums	50,189,290.00
Reserve for taxes, expenses and reinsurance	8,397,670.56
Reserve for dividends to policyholders	24,156,702.69
<b>TOTAL</b>	<b>\$209,778,531.25</b>
Reserve for portfolio fluctuation	\$ 7,500,000.00
Reserve for contingencies	7,500,000.00
Net Surplus	30,000,000.00
<b>SURPLUS AS REGARDS POLICYHOLDERS</b>	<b>45,000,000.00</b>
<b>TOTAL</b>	<b>\$254,778,531.25</b>

Securities carried at \$17,546,222.97 in the above statement are deposited as required by law.

## American Manufacturers Mutual Insurance Company

Home Office: New York 17; Executive Office: Chicago 6

At the close of business December 31, 1959, as reported to Insurance Department, State of New York

Bonds on amortized basis. No bonds in default as to principal or interest. Stocks at book, which is less than market. If all stocks were valued at market, assets would be increased \$1,158,663.73. Surplus would rise by the same amount, less a reserve with which to pay the 25% capital gains tax.

## ASSETS

Cash in banks and office	\$ 1,887,157.62
U.S. government obligations due 1960	3,967,884.14
U.S. government bonds and notes	6,334,996.25
State and municipal bonds	3,571,624.80
Public utility and other bonds	1,718,002.30
Stocks	2,459,299.20
First mortgage loans on real estate	1,661,395.56
Premiums in transmission and other assets	2,075.44
<b>TOTAL ASSETS</b>	<b>\$21,802,435.31</b>

## LIABILITIES

Reserve for unadjusted losses	\$ 3,093,086.00
Reserve for unearned premiums	9,358,757.00
Reserve for taxes and expenses	1,821,762.21
Reserve for dividends to policyholders	2,028,830.10
<b>TOTAL</b>	<b>\$16,302,435.31</b>
Guaranty fund (Sec. 76, N.Y. Ins. Law)	\$ 500,000.00
Reserve for security fluctuation (voluntary)	1,000,000.00
Reserve for contingencies (voluntary)	1,000,000.00
Surplus	3,000,000.00
<b>SURPLUS AS REGARDS POLICYHOLDERS</b>	<b>\$ 5,500,000.00</b>
<b>TOTAL</b>	<b>\$21,802,435.31</b>

Securities carried at \$469,408.46 in the above statement are deposited as required by law.

Other companies in the Kemper Insurance group include Fidelity Life Association, A Mutual Legal Reserve Company, of Fulton, Illinois. We will be glad to supply financial statements on request.

## American Motorists Insurance Company

Chicago 40

As of December 31, 1959 as reported to the Department of Insurance, State of Ill. All bonds amortized. Stocks at book value, which is less than market value.

## ASSETS

Cash in banks	\$ 7,176,185.59
U.S. government bills, certificates and notes	17,377,576.26
U.S. government bonds	38,690,519.01
State, territory, county and municipal bonds	9,807,657.41
Public utility and other bonds	2,502,485.12
Stocks	2,253,866.62
First mortgage loans on real estate	85,684.14
Premiums in transmission	2,689,926.35
Accrued interest and other assets	2,191,710.39
<b>TOTAL ASSETS</b>	<b>\$82,775,610.89</b>

## LIABILITIES

Reserve for losses and adjusting expenses	\$41,594,207.00
Reserve for unearned premiums	20,188,613.00
Reserve for taxes, expenses and reinsurance	2,789,709.13
Reserve for dividends to policyholders	5,703,081.76
<b>TOTAL</b>	<b>\$70,275,610.89</b>
Reserve for contingencies	\$1,000,000.00
Reserve for portfolio fluctuation	1,500,000.00
Capital Stock	5,000,000.00
Net Surplus	5,000,000.00
<b>SURPLUS AS REGARDS POLICYHOLDERS</b>	<b>12,500,000.00</b>
<b>TOTAL</b>	<b>\$82,775,610.89</b>

Securities carried at \$3,770,674.86 in the above statement are deposited as required by law.

## Federal Mutual Insurance Company

Home Office: Chicago 40; Executive Office, Decatur, Ill.; New England Division, Boston 16

Statement at the close of business December 31, 1959, as reported to the Department of Insurance, State of Illinois.

Bonds on amortized basis. No bonds in default as to principal or interest.

## ASSETS

Cash in banks	\$1,378,705.26
U.S. government bills, certificates and notes	1,730,741.49
U.S. government bonds	1,622,075.04
State, county and municipal bonds	489,327.83
Public utility and other bonds	312,857.82
Premiums in transmission	233,692.07
Accrued interest and other assets	873,801.26
<b>TOTAL ASSETS</b>	<b>\$6,641,200.77</b>

## LIABILITIES

Reserve for losses and adjusting expenses	\$ 942,847.00
Reserve for unearned premiums	1,294,076.00
Reserve for premiums paid in advance	409,417.24
Reserve for taxes, expenses and other liabilities	620,351.42
Reserve for dividends	524,509.11
<b>TOTAL</b>	<b>\$3,791,200.77</b>
Reserve for securities fluctuation	\$ 250,000.00
Surplus (Includes guaranty capital of \$1,600,000)	2,600,000.00
<b>SURPLUS AS REGARDS POLICYHOLDERS</b>	<b>2,850,000.00</b>
<b>TOTAL</b>	<b>\$6,641,200.77</b>

Securities carried at \$420,000.00 in the above statement are deposited as required by law.

CHICAGO 40

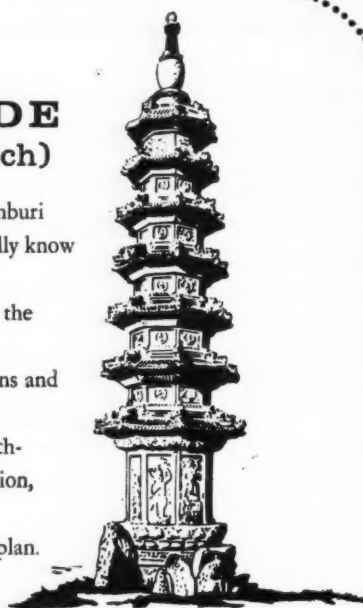
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## Okla., Ark. Storm Damage Estimated Around \$3 Million

National Board has assigned catastrophe No. 08 to the tornados and a series of storms, all apparently stemming from one general storm, which swept across parts of Oklahoma, Arkansas May 5-6.

Towns involved and type of damage suffered are under the following branch offices of General Adjustment Bureau: Lawton—Chattanooga and rural, wind and hail; McAlester—McAlester and Haileyville, wind and hail and Hartsthorpe and Wilburton, tornado and hail; Miami—Miami and rural, wind and hail; Muskogee—Muskogee, Eufaula, Checotah, Wagoner, Stigler, wind and hail.

### More Towns Listed

Okmulgee—Hoffman, tornado, and Henryetta, wind and hail; Shawnee—Shawnee, wind and hail; Tulsa—Sapulpa, tornado, and Bristow, wind and hail; Fort Smith, Ark., serving the following Oklahoma towns—Bokchito, Keota, Muldrow, Moffett, Rowland, Spiro, wind and hail.

These eight branches in that order reported the following number of losses, average loss and totals: 250, \$200, \$50,000; 1,550, \$650, \$1,007,500, plus 100 automobile losses averaging \$400 for a total of \$40,000; 500, \$150, \$75,000; 1,275, \$250, \$318,750; 600, \$125, \$75,000; 1,000, \$500, \$500,000, and 500, \$125, \$62,500.

Wilburton received severe damage from a tornado which coursed almost directly down the main street. Many dwelling and mercantile losses were total. Hail up to three inches in diameter fell.

### Destroys 200 Buildings

The tornado which hit Sapulpa destroyed an estimated 200 buildings. Not all of this property was insured and average values were low. Included in this section were two churches and Booker T. Washington school.

At Hoffman, the tornado leveled about 25 houses and caused medium to heavy damage to 50 more. Damage in the remaining areas is reported by GAB as typical of wind and hail damage, with occasional heavy losses. All figures given are subject to revision.

### Storm Office At Wilburton

A storm office is being opened in Wilburton, but, because of disrupted telephone and mail service, GAB suggests dealing directly in regards to these services with the McAlester office for the present. Kelly Vick, regional supervisor, and Manager Fred Alexander will have general supervision in the Wilburton storm office.

Losses will be handled at all other locations through the regular branch offices. Additional adjusters have been sent to the affected areas.

In Arkansas, the towns involved, type and number of losses, average loss, and totals are given, along with the branch offices, as follows: Fort Smith—Fort Smith, wind and hail, 1,500, \$125, \$187,500; Hot Springs—

## Afco Buys Premium Finance Business Of Barnett Bank

Afco has purchased for approximately \$12 million the premium financing business of Barnett National Bank of Jacksonville, Fla., the leading national organization in its field. Afco will begin accepting accounts from Florida agents Aug. 1 at its new service office at 1036 S. W. First Street, Miami, Robert D. Fielding, previously at Afco's New York and Baltimore offices, has been named manager there.

### July 31 Is Deadline

Barnett National will accept business from Florida agents through July 31 and will continue servicing collection of accounts in force on that date. The bank's premium financing department is being discontinued Aug. 1. Previously it had ceased financing premiums in Virginia, Georgia, Alabama, Mississippi, Louisiana and the Carolinas. Premium financing had comprised about 20% of the bank's operation.

In addition to the Miami office, Afco plans to set up a service office in Atlanta to provide local facilities for several southern states. Meanwhile, agents in these areas will be served by the Baltimore office at 201 East Baltimore Street. Louisiana agents will submit accounts to the office at 200 West 75th Street, Kansas City.

Afco now has more than 500 subscriber companies and in its six year existence has budgeted close to half a million policies for a total dollar volume of more than \$220 million.

## London & Edinburgh Has U.S. Trust Fund

London & Edinburgh Ins. Co. has established a trust fund in the United States as security for its U. S. policyholders. The amount of the trusted fund is \$500,000. The trustees are Continental Illinois National Bank & Trust Co. of Chicago.

Amity, Benton, Glenwood, Gurdon and Hot Springs, wind, 500, \$150, \$75,000; Little Rock—Little Rock, wind, 400, \$100, \$40,000; Russellville—Russellville, Menifee and rural, wind, 300, \$250, \$75,000; Searcy—Searcy and rural, wind and hail, 1,500, \$150, \$225,000; West Memphis, West Memphis and rural, wind, 500, \$150, \$75,000.

These losses will be handled through the various GAB branches involved. John Greenway, regional supervisor, is in charge of the over-all operation. Additional adjusters have been obtained.

Catastrophe No. 08 does not include a hailstorm that occurred at Woodward, Okla., May 3. A preliminary estimate reported in last week's issue on this storm exceeded \$9 million. This will be serviced from the branch there, with R. E. Robertson, regional supervisor, in charge. General supervision is under J. L. VanLandingham, manager.

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## Doctors Stand Firm Against Forand Type Bill, AMA Head Says

American Medical Assn. has not the "faintest intention of compromising in any way" its opposition to compulsory national health insurance, according to Dr. Louis M. Orr of Orlando, Fla., AMA president, who issued a statement to this effect through the AMA offices at Chicago.

Contrary to reports in some newspapers, Dr. Orr said, AMA has "not softened or altered its stand against Forand-type legislation, nor will it do so in the future." Speculation in some papers that the meeting on voluntary health insurance this week in Chicago, with social welfare specialists to the AFL-CIO present, might indicate a willingness on the part of AMA to compromise its position is a "completely unfounded" interpretation, Dr. Orr stated.

He pointed out that the AFL-CIO is one to 30 national organizations invited to attend the meeting which was called to provide a medium for a "realistic evaluation of means and methods of promoting the continued growth of voluntary health insurance. Labor has been invited to this conference as they have in the past with the presumption that they, too, are interested in sound voluntary insurance for the American people."

## Present Rating Data Systems Outdated, Chicago CPCUs Hear

The limited statistical data underlying the present fire rating schemes are outdated, and the systems, therefore, require an undesirable amount of individual judgment and contain demonstrable errors, according to John S. McGuinness, actuary of Bankers L&C. His views expressed at the May meeting of Chicago chapter of CPCU evoked considerable comment.

He called for a revised, integrated national rating plan for all property lines which would simplify the rating structure, obtain a justified rating schedule, and justify individual risk rating and thus keep the politicians at bay. Beneficiaries of such a plan, he said, should be the customer, who deserves fair rates; the insurer, which needs a fair profit and freedom of action, and the insurance department, which wants rates that are not diffidations were a uniform occupancy cult to regulate.

Among Mr. McGuinness' recommendations for all lines of insurance and uniform charges and credits geographically. These would be based upon the statistical principles that charges for hazards of transmission and damageability would be included on a multiplicative basis.

Certain features of a risk, e.g. approved or unapproved roofs, may affect the spread of a fire but cannot start one. Therefore, adding a charge or credit for hazards of transmission is a questionable practice, he declared.

Property insurance companies are using statistical plans which were good 50 years ago but are obsolete today, he said. Modern computers make possible a multiple correlation analysis and use statistical techniques which did not exist when Mr. Dean was working on his analytical schedule.

Mr. McGuinness admitted that there

would be some difficulty in merging all classifications into one, but he said it could be done.

## Adopt Changes To AR Plan In Calif.

The California department has adopted proposed amendments to the automobile assigned risk plan, effective July 1. The changes were suggested by the governing committee of the AR plan and were the subject of public hearings last month in San Francisco and Los Angeles.

The major effect of the changes is establishment of a basic dollar surcharge on an across-the-board basis. The surcharge is 15% of the basic rates of the National Bureau, but supplementary "special" surcharges may be added to this—\$85 for risks with bad records and \$45 for those between bad and average for an assigned risk.

It is estimated that the \$85 extra charge will apply to fewer than 10% of assigned risks and the \$45 to fewer than 15%.

A flat 10% commission is paid producers on the unsurcharged portion of the risk.

## The Fund Names Sifford To Assist Mullican In West

The administrative structure in the western department of Fireman's Fund

has been expanded, and C. N. Mullican, resident vice-president and manager, will be assisted in his duties by Benton A. Sifford, as assistant manager. John L. Robertson succeeds Mr. Sifford as auto-casualty manager. Herbert H. Schumacher, assistant controller, has been named office manager and will supervise the internal affairs of the department.

Mr. Sifford joined the Fund in 1936. Since 1949 he has been in the western department as head of auto-casualty operations. His new duties will encompass production and underwriting for



B. A. Sifford

all lines of business.

Mr. Robertson, who joined the Fund in 1957, has had 30 years of experience in the casualty business. He has been assistant manager for three years.

Mr. Schumacher, formerly assistant controller of National Surety in New York, joined the Fund's western department in that capacity with integration of the two companies in 1955.

## Zurich To Move In 1961 To New Building

Zurich signed the largest lease ever negotiated in Chicago, for eight of the 24 floors of the new LaSalle-Jackson Building now under construction, and will move its U. S. head office and Chicago branch in July, 1961. Zurich now has headquarters in the Field Building, 135 South La Salle Street, where it is the largest tenant. The move, a distance of only one block, will allow additional space designed for greater usability.

Zurich will occupy about 110,000 square feet of space at the new location from the 13th through the 20th floors.

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## Sees Real Danger In The Drive For Super-Selectivity

Addressing himself to the top management of every type of company structure—stock, mutual, reciprocal, direct writing, bureau and non-bureau—and speaking for every type of agent, Arthur M. O'Connell of Thomas E. Wood agency at Cincinnati made a

fervent plea for the business to stop "this wild, mad rush to achieve low dollar supremacy." He spoke at the northeast district institute of CPCUs in Point Pleasant, N. J.

Mr. O'Connell suggested that the end result of the scramble would be to make of every agent, captive or independent, a ferret hunting for a lower level of rate so as to entice a risk from an unwary competitor.

But the real danger to the business, he declared, is super selectivity.

Are underwriters to become auto-

(CONTINUED ON PAGE 30)

## Open Aetna Casualty Office On Long Island

Aetna Casualty has opened a new office at Garden City, N.Y., for Nassau, Suffolk and Queens counties. Howard E. Craddock, general manager, joined the company in 1936 at Philadelphia, and was later in agency work at Richmond, Va., and Wheeling, W. Va.

Frederick Frelinghuysen, a director of Firemen's, has been elected a director of Commercial of America Fire Loyalty group.

## General Of Seattle Promotes Four

Four promotions have been made of executives of General of Seattle.

Richard E. Bangert becomes vice-president of General of Seattle in the home office surety department. He joined the company last year after having been for four years with Foster & Marshall, members of the New York Stock Exchange.

Edwin Seaman, assistant secretary and chief accountant, becomes assistant secretary and assistant controller. He was with Price Waterhouse & Co. before joining General in 1957.

William H. Little, southern California manager, is made resident vice-president there. He joined General as a trainee in 1946 and has been manager in California since 1955.

Clifford H. Rasmussen, manager of the central division, is advanced to resident vice-president in charge of operations of that unit. He joined General at Dallas in 1945 after having been with Hardware Mutuals of Wisconsin.

## Top Staff Promotions By Alexander & Alexander

Alexander & Alexander has named as general vice-presidents H. B. Long, Geoffrey N. Calvert, Kenneth W. S. Soubry and Richard M. Gamber. Joseph R. Barr was appointed vice-president-aviation, E. Gordon Rossiter, vice-president-life, and T. A. Swann, vice-president-transportation. Mr. Calvert was also elected a director.

Named assistant vice-presidents were James H. Braddock, Woodrow W. Councill, and T. Dixon Holladay Jr. Donn Spenser has been appointed manager of the international division. Samuel H. Shriver, senior vice-president-treasurer, has moved his offices from Baltimore to New York.

## Payne And Kelly Retire From Aetna Fire Posts

Wallace G. Payne, supervisor of the A&S department, and Kenneth B. Kelly, operation supervisor of the claims department, have retired from Aetna Fire.

Mr. Payne began his insurance career in 1913 and joined Aetna Fire in 1939. Mr. Kelly joined Standard Surety & Casualty in 1940 and was transferred to Aetna Fire's home office when Standard was purchased in 1941.

## Variation On Calendars

Recording & Statistical Corp. this year used a variation on the small, card calendar for advertising purposes. It set up the 1960 calendar on one side but on the reverse side of the card it listed the important insurance meeting dates of the year. Except for the commissioners' meeting in December, which is a midyear, the dates given are for annual meetings.

The date, name of organization, hotel and city are shown. The idea has proved so acceptable that R.&S. will provide the meeting date calendars for 1961.

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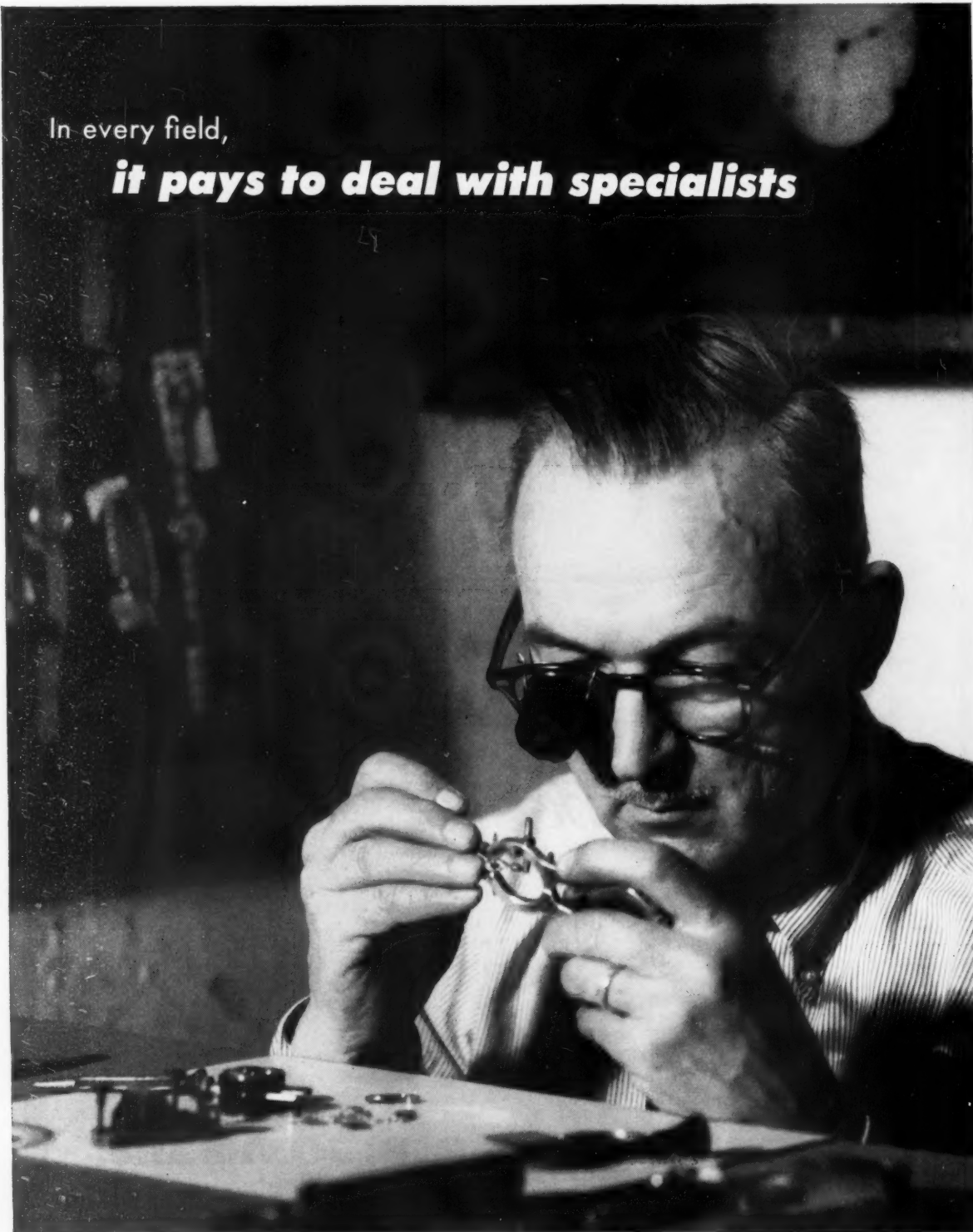
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## Says Insurance Stocks Will Outperform Others; Cites Aggressive Insurer Moves

Shelby Cullom Davis, New York insurance stocks specialist, predicts that insurance stocks will outperform other equities, whether the bear market is contained or runs rampant.

Speaking at the second of a series of noon-time meetings of Insurance Society of New York, Mr. Davis noted that underwriting figures are improving, and cited increased adjusted earnings by several companies. Comparing 1959 with 1958 earnings, he noted that Hartford Fire's rose to \$3.02 from \$2.35, and Continental Casualty's to \$4.86 from \$3.18.

Even allowing that these figures include investment income, which increases from 7% to 10% a year, Mr. Davis said it follows that the lion's share of the improvement is in underwriting. Fireman's Fund had adjusted earnings of \$4.78 compared with \$2.64 in 1958; Springfield-Monarch \$2.90 against \$2.04; and Great American \$3.88 compared with 61 cents. In the category returning 4-5%, Home's earnings shot up to \$5.03 from \$1.98; Reliance's to \$5.12 from \$2.42; and American's to \$2.14 from 7 cents. This list could be expanded many times, Mr. Davis noted.

### Stocks Fairly Cheap

Insurance stocks are fairly cheaply priced, he continued. Hartford Fire and Continental Casualty are selling around 15 times 1959 earnings, and most of the others at 10 to 11 times earnings. Since investment income represents from two-thirds to three-quarters of 1959 earnings among the stocks mentioned, this is stable, not cyclical.

Most insurance stocks yield more than the Dow Jones industrial average—Reliance up to 4½% and American close to 5%. On Continental Casualty and Hartford Fire the return is 1.7% and 2.3%, respectively.

In relation to net worth, most insurance stocks are still available at heavy discounts—as much as 45% on Home, Great American and Springfield F&M. Even Hartford Fire can be purchased at 5% less than its net worth, despite its long record of profitable underwriting and growth. Such conditions seldom last long, Mr. Davis remarked.

The improvement in underwriting should continue, he went on. This is probably the crux of the matter. Underwriting cycles have generally lasted five years from valley to peak—but not always. Much depends upon the rapidity of the improvement, whether it is slow and sustained or extremely fast such as during the last great cycle of 1947-49. The betterment came so quickly that the cycle, from low to high point, endured only three years—although there was profitable underwriting generally for the next several years.

### Good Years To Come

Since the underwriting turn this time came only in the second half of 1958, on any historical precedent the improvement would have nearly two to four years left to run. Underwriting improvement is traditionally brought about because of higher rates, more selective underwriting and (particularly this time) lower costs, all three of which serve to widen the profit margin. There is a time lag because of the duration of policies, one to five years, so that improvement in rates, more selective underwriting practices or lower costs are not felt immediate-

ly. This lag has always caused discouragement in the past, but has always created opportunity for those who are patient.

Many insurance stocks are selling below their peaks reached in August, 1954. Most are selling below their prices of January, 1959, Mr. Davis observed.

He thinks that the climate now is

right. The peak of worldwide inflation has been passed, and the general market is proclaiming its end, at least for the near or immediate term future. Cessation of inflation would be helpful to insurers who are, in a sense, "short" the goods and services market because of claims' settlement. A little deflation would be beneficial, not only in settling current claims for which premiums have already been received, but in disposing of past claims for which loss reserves have been set up.

Mr. Davis pointed out that skeptics believe the improvement in underwriting cannot be guaranteed. Unfor-

tunately, he said, this is so because no one can foresee a great catastrophe. The point however is that abnormal weather conditions or catastrophes can be taken in stride. The trend is running favorably, and even if it were interrupted, there would be an opportunity for buying rather than selling.

### Can Conditions Be Overcome?

The nub of the problem is whether conditions which led to mediocre underwriting performance during the past five years can be overcome. There are two factors, he said, inflation and

(CONTINUED ON PAGE 24)

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## Program For NAIC Annual Is Detailed

(CONTINUED FROM PAGE 1)

companies subcommittee, Pearson of West Virginia.

3-4: Schedule rating plans and rate modification plans subcommittee, Manson of Wisconsin—Justification for optional or permissive use of schedule rating plans in addition to fleet discount and experience rating modification; optional use of a rate modification resulting from savings in expense (acquisition cost) in addition to fleet, experience, and schedule rate modifications (discussion of replies to questionnaire).

3-4: Review of fire and casualty rating laws and regulations subcommittee, Gerber of Illinois—Report on hearings.

3-4: Valuation of securities subcommittee, Thacher of New York—Preliminary valuation procedures and instructions for year ending 12/31/60.

4-5: Operations of executive secretary's office subcommittee, Gerber of Illinois—Report of study.

4-5: Regulations of advertising subcommittee, Grubbs of Nebraska—Bill defining "doing an insurance business" for purposes of the unfair trade practice model act; consideration of bill to permit service of process on unauthorized insurers in proceedings by regulatory agency; consideration of other avenues of state regulation pursuant to the decision in the Travelers Health case.

Tuesday, May 31

9-10:15: Definition and interpretation of underwriting powers committee, Davis of Mississippi—Classification of fire, marine and casualty insurance (industry report); interpretation of nationwide marine definition (industry report).

9-10:15: Examinations committee, Sullivan of Washington—Examinations manual revision subcommittee report; uniform examination program for employee welfare funds subcommittee report; modification of examiners qualifications.

9-10:15: Non-profit hospital and medical service associations committee, Smith of Pennsylvania—Problems of reimbursement formula between hospitals and service associations subcommittee report; subcommittee to study greater standardization of Blue Cross and Blue Shield regulations report; uniform individual A&S policy provision law, other insurance provision and overlapping benefits (Maine).

10-30-11:30: First plenary session, Hammel of Nevada presiding.

1-2:15: Accident and health committee, Hayes of Louisiana—Regulation of advertising subcommittee report; subcommittee to study rentals paid at terminals by insurance companies report.

1-2:15: Fire, marine, casualty and surety committee, Mahoney of Maine—Auto warranty contracts; premium taxes on floater policies (executive committee); workmen's compensation small policy economies (advisory technicians report); sonic boom, need for clarification (Colorado).

1-2:15: Valuation of securities committee, Sullivan of Washington—Valuation of securities subcommittee report.

2-15-3:30: Blanks committee, Howell of New

Jersey—Report on meeting 4/4-7/60; title and mortgage guaranty blank subcommittee report.

2-15-3:30: NAIC financing committee, Musser of Oregon—Interim report of 2/25/60.

2-15-3:30: Unauthorized insurance committee, Jensen of North Dakota—Uniform surplus line law; revision of rating laws to encourage domestic companies to write lines now being written as surplus lines.

3-30-4:45: Laws and legislation committee, Gerber of Illinois—Organization, ownership and certification of insurance companies subcommittee report; subcommittee to study and review state laws necessary to state regulation report.

Wednesday, June 1

9-10:15: Insurance on installment sales and loans committee, Larson of Florida—Insurance problems in connection with installment sales and loans subcommittee report; credit life and credit A&H model bill legislation subcommittee report.

9-10:15: Rates and rating organization committee, McConnell of California—Group fire and casualty insurance subcommittee report; subcommittee to study schedule rating plans and plans of rate modification from savings in expense report; subcommittee to review fire and casualty rating laws and regulations report; subcommittee to study safe driving or merit rating plans and insure the driver plans report.

10-15-12: Preservation of state regulation committee, Knowlton of New Hampshire, and federal liaison committee, McConnell of California, joint meeting—Report of previous meetings; review of status of Senate investigation; consideration of future activities.

2-30-4:30: Conference of NAIC members and their staffs with Robert T. Secrest, commissioner of the Federal Trade Commission.

Thursday, June 2

9-11: Executive committee, Parker of Virginia—Executive committee report meeting of 2/25/60; future NAIC meeting sites subcommittee report; operations of the executive secretary's office subcommittee report; blanks committee report; preservation of state regulation committee report; NAIC financing committee report; audit report of executive secretary's office; executive secretary's report; appropriations for fiscal year 5/31/60-6/1/61; selection of executive secretary.

11-12: Meetings of zones 1, 3, 5.

1-2: Meetings of zones 2, 4, 6.

2-30-4:30: Second plenary session, Hammel of Nevada presiding.

Friday, June 3

9-30-11:30: Plenary executive session, Hammel of Nevada presiding.

Zone III of National Assn. Of Insurance Commissioners elected Superintendent Leggett of Missouri as chairman to succeed Commissioner Long of Tennessee at its convention in Gatlinburg, Tenn.

Resolute has appointed J. Kevin Dineen resident vice-president at Indianapolis. He was formerly with Old Republic Life in the midwest, and an assistant vice-president of Central National of Omaha.

## Cooke Forms New Aviation Facility

A department for writing aviation insurance on behalf of several insurers has just been organized by Agency Managers of New York. Ben D. Cooke, president of the company, stated that business will be written only through agents and brokers. In addition the organization will also write aviation reinsurance.

The companies that have appointed Agency Managers as their aviation underwriters and managers are Northern of London, Citizens Casualty of New York, Consolidated Mutual of Brooklyn, and Cosmopolitan Mutual of New York.

Agency Managers was established in 1952 and is associated with B. D. Cooke & Partners, underwriters in London who manage the C.F. & A.U. and the U.M.A. groups of insurers in England. For many years the London organization has been underwriting aviation business on a world-wide basis with excellent underwriting results.

Agency Managers are casualty reinsurance managers for Northern of London, Citizens Casualty, American Home, Constitution of New York, Skandinavia, and Unity Fire & General.

## Plucar Appointed SA

Trinity Universal has named H. Ray Plucar special agent for east Texas at Tyler. He has been a multiple line field man for the company since 1957. He is a member of Blue Goose and Texas Fieldmen's Assn.

## New Oklahoma Handbook Is Ready

A new Underwriters Handbook of Oklahoma has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Oklahoma handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.

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## Hear Agencies Need Life Insurance But Not Life Experts

Customers of the property and casualty agent look to him for proper guidance in insurance matters and expect to receive complete and competent insurance service in all areas, members of Milwaukee Assn. of Insurance Agents were told at the April breakfast. In discussing "Your Life Is Important," the agents were urged to include life insurance in their local agencies.

The idea that highly trained, exclusive life insurance men were required in a local agency which sells life insurance was dispelled by Jack C. Windsor, manager of the Wisconsin brokerage agency of Connecticut General Life. He said "the staff and facilities of the life companies that are really interested in helping the broker deliver expert attention to his client's problems in the life field, on a service basis, may well serve as the life department of the local agent."

"This would include competent service in personal estate planning, creation and distribution, stock purchase and redemption agreements, pension and profit sharing plans, all types of group insurance employee benefits; also sickness and accident and hospitalization plans; in fact, all of the problems that individual and corporate clients have," Mr. Windsor said.

Some of the happenings in a man's life that call for life insurance are his first job, marriage, birth of a child, purchase of a home, going into business, and increase in pay or promotion, Ernest P. Kasche, Aetna Life general agent, said.

Property and casualty agents, he said, need not know all of the answers, and they should not feel that they have lost any prestige in the eyes of the client because they are not familiar with all of the technical details that go into making a life insurance plan workable.

"I do not believe that your personal knowledge is nearly as important as the fact that you have a competent source from which to get the answers," Mr. Kasche declared. "I cannot ever recall losing a case because of the fact that I have had to frankly admit to my prospect that I didn't know the answer but that I would find out."

"There are many areas in my own business where I have to call our home office or outside source to get the correct answer." The important thing, he continued, is to have a competent source of information. That is where the life manager or general agent and his staff fits into the picture.

be formally installed at the national convention in Denver in June.

Miss Hoyt is assistant to Romer F. Weyant, treasurer of American Hull Insurance Syndicate. She has been a member of the New York women's group for nine years and has been recording secretary, executive board member and chairman of several committees. She is presently membership chairman. She has also been publicity chairman of the national group, and for the past year has been chairman of its publication advertising committee.

## Towns Is President Of Texas A&H Assn.

Texas Assn. of A&H Underwriters, at a meeting at Austin, has elected George Towns, Great Southern Life, San Antonio, president. Vice-presidents are Larry Cornelison, Texas Reserve Life, San Antonio, and Gordon Presswood, Great American Reserve, Houston.

John Delaney, American General Life, Houston, and Ralph J. McCartney, Occidental Life of California, San Antonio, are new directors.

## Wm. H. McGee Names Officers, Director

William H. McGee & Co. has elected Peter J. Sant and Kenneth J. Roonan vice-presidents, and Frank Signore controller. Roswell W. Chamberlain and Robert E. Howe were named assistant vice-presidents; Gunnar A. Liepa ocean marine secretary; Walter O. Michael hull secretary, and C. Bryson Hays loss department secretary.

Robert S. Dicus, vice-president at Chicago, has been elected a director.

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## Ind. Casualty Adjusters Elect Frank President

Indiana Casualty Adjusters Assn. has elected N. C. Frank, Buckeye Union Casualty, president. Also elected were Robert Shelton, Meridian Mutual, and Frank Cooper, General Accident, vice-presidents, and Donald B. Pontius, Indiana Farmers Mutual, secretary-treasurer.

## Miss Hoyt Director Of National Women's Group

At the regional conference in Philadelphia of National Assn. of Insurance Women, Miss Dorothy M. Hoyt of Insurance Women of New York was elected director of region I. She will

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## Discusses CPL, A&S At Forum Of N. Y. Brokers

A twin bill, on general liability policy changes and major medical A&S policies, featured the monthly educational forum of Greater New York Brokers Assn. William A. Brewster, special public relations assistant to the general manager of National Bureau, discussed CPL changes, and Joseph J. Klepper, of Blond, Blumen-cranz, Klepper & Wilkins, Flushing, N.Y., brokers, dealt with A&S cover-ages.

Mr. Brewster said the most important CPL change was the exclusion of owned outboard motors above 10 horsepower from the basic manual rate. The number of outboards in use increased from 3.5 million in 1953 to 5.5 million in 1958, and is increasing at a rate of 450,000 a year.

The 10 h.p. cut-off point was decided upon because it would exclude water skiing which, he said, represents a considerable hazard from the standpoint of third party claims. Boats equipped with 18 h.p. motors can be used satisfactorily for this sport. He also noted that the government recently amended regulations on registration of boats by length to include all boats over 10 h.p.

In discussion following Mr. Brewster's talk, Mr. Klepper, who holds CPCU and CLU designations, suggested that insurers organize to contact boat owners through the U.S. Coast Guard. Noting that the Coast Guard aided insurer safety promotion, Mr. Klepper suggested they might be willing to offer registrants notices to contact brokers or agents to purchase insurance protection for their boating activities.

Mr. Klepper urged fellow brokers to provide their clients only with non-cancellable major medical A&S plans. Otherwise the client loses catastrophe protection when he needs it most. The broker should also study major medical aggregate benefit features and cut-off dates of policies to assure the client benefits when he becomes prone to serious illness and his earning capacity diminishes in later years.

## Mutual Of Hartford Names Middleton In Sales-Agency

Mutual of Hartford has appointed John Middleton, assistant secretary, to the additional post of secretary to its sales agency department. Kenneth S. Cummings, claims manager, was elected assistant secretary. Mr. Middleton was a special agent and manager of the western New York office at Buffalo before being named assistant secretary in 1959.

## Mr. Za Begins Giving Out AZtronaut Prizes



Tom Speer, Albuquerque, shows off fishing vest prize presented to him by Mr. Za. He was one of the winners of the AZtronaut contest to find best way to incorporate Big I symbol into Zurich advertising.

Four agent prize winners in the recent AZtronaut contest conducted by Zurich received their awards from Mr. Za at the NAIA convention in Cincinnati. They were Roger A. Zucker II, Cleveland (award accepted by George Frankel), Robert J. Martz, Warrensburg, Mo.; Archie Slawsky, Nashua, N. H., and Tom Speer, Albuquerque. Other awards will be distributed in the near future.

Chief aim in the contest was to find an appropriate spot for the NAIA Big I symbol in Zurich advertising. Another objective was to remind NAIA members—through the medium of trade journal advertising—that Zurich is a staunch supporter of the American agency system.

## Agent Writes Book On Premium Finance System

William H. Pugh, Albuquerque agent, has written a book entitled "Agency-Bank Premium Financing Simplified," which outlines his technique of consolidating an agent's premium notes into a single item. Mr. Pugh's system consists of two principal divisions, one a formula which channels all pertinent information concerning the agent's bank loan and integrates the information to reflect an exact accounting of the over-all condition of his business once a month and the other assures internal controls. The book, which sells for \$5, is available from Mr. Pugh at 4014 Central Avenue, S.E., Albuquerque. He relates how he increased his net profits from \$13,000 to \$31,000 in three years by using the agency-bank credit plan to finance his clients' premiums.

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## Hearing Scheduled For New York Blue Cross Rate Increase Request

A public hearing on the applications of Associated Hospital Service of New York (Blue Cross) for an increase in subscriber rates and a new hospital reimbursement formula has been scheduled for June 13 at the New York County Lawyers Assn., 14 Vesey Street. Deputy Superintendent Cantor will preside.

The New York City Blue Cross is requesting rate increases averaging 37.3% which would become effective Oct. 1. If granted, this would be the third such increase given the plan in as many years.

In his statement announcing the hearing, Superintendent Thacher said that the report of the Columbia University school of public health and administrative medicine, titled "Prepayment for Hospital Care in New York State," will be made available soon. The department is hoping to have the report available for review before the hearing.

## Aetna Life Companies Receive Top PR Award

American Public Relations Assn. has presented to Aetna Life companies its "Silver Anvil" award for outstanding community relations in 1959. The award—the second received by the companies in the past four years—was made in recognition of sponsorship of the Hartford Symphony Orchestra TV concert series.

The companies won their first award in 1956 for development of the Aetna Drivotrainer, a training device now used by more than 80 high schools in 20 states.

Among the highlights of the 1959 TV series were a \$1,000 Aetna Life music scholarship competition for Connecticut high school students, and allocation of half the "commercial" time for film reports on greater Hartford community service organizations. James F. Goyette, assistant manager of the companies' information and education department, accepted the second award at a dinner concluding the donor association's annual meeting at White Sulphur Springs.

## Kolkmeier Named V-P Of Atlantic National

Joseph H. Kolkmeier has been named vice-president of Atlantic National of Miami. He has been in insurance for more than 20 years and joined Atlantic National last June. He has been chief auditor and examiner for the Florida and Ohio departments and is a past president of Florida Assn. of Fire & Casualty Companies.

## Gains For Old Republic

Old Republic of Greensburg, Pa., had a 70% increase in volume in the first quarter, stockholders were told at the annual meeting. Estimated net income rose to \$80,000, equal to 40 cents a share, compared with a minus \$29,000 for the same period last year.

## Claims Managers' Seminar Held

A claims managers' seminar was held by Farmers Mutual Automobile at Madison to review company claims practices and policies. C. M. Wilson, superintendent of the Wisconsin state crime laboratory, discussed automobile accident reconstruction at one of

the sessions. Other speakers were Amory Moore, vice-president of claims; Alex H. Oppenorth, secretary and counsel; Allan G. Gruenisen, Wisconsin regional manager; and Frank P. Horner, claims training director.

**Graphic Arts Mutual** elected as directors Francis N. Ehrenberg, president of Blanchard Press; Walter T. Flower, Flower Steel Electrotape Co.; Randall H. Pakula, vice-president of Bryant Press; and Edward D. Wilson, president-treasurer of New York Lithographing Corp.

## Boynton Advanced To V-P Of Seaboard F.&M., Yorkshire At Dallas

Ben Lee Boynton has been named a vice-president of Yorkshire and Seaboard F.&M. of America Fore Loyalty group. He was named vice-president and southwestern department manager of the other companies of the group last November.

He joined Loyalty group in 1932 and has been vice-president and manager for Loyalty at Dallas since 1951. He is

chairman of the public relations committee of Texas Insurance Advisory Assn.

**Cumberland Salem County (N.J.) Assn. of Insurance Agents** has nominated Robert V. Cocchi, Vineland, for president. Others nominated for election at the annual meeting are Earle H. Sloan, vice-president and Ruth M. Thompson secretary-treasurer and Ivan Brown and John Fiorilli, directors. The officers will be installed by Ira F. Weisbart, president of the New Jersey association.

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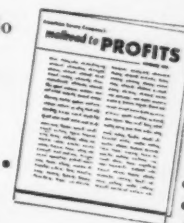
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## Name Commissioners In New S. C. Setup

Gov. Hollings of South Carolina has appointed the five members of the commission which will, under a new law, operate the insurance department in that state and handle regulation. Members of the commission are J. M. Waddell Sr. of Beaufort, retired executive vice-president of Pilot Life; William R. Bruce of Columbia, assistant vice-president of Seibels, Bruce & Co., general agency and managers of several fire and casualty insurers; Hugh

C. Lane of Charleston, president of Citizens & Southern National Bank; W. W. Pate of Greenville, president of Wunda Weve Carpet Co., and J. Wilbert Wood of Anderson, retired vice-president of J. P. Stevens Mills, a textile firm.

The five men will elect a chairman. Mr. Lane and Mr. Pate were appointed to six year terms, Mr. Waddell and Mr. Bruce four years, and Mr. Wood two years.

Mr. Waddell entered insurance in 1923 in Memphis and served Pilot Life there and in Texas before going to the

home office. He became vice-president and agency manager in 1933.

Mr. Bruce is vice-president of South Carolina and assistant secretary of Consolidated American, two Seibels, Bruce & Co. insurers.

R. Lee Kelly, the present commissioner, retires in June.

Clarke Bassett, senior vice-president First National Bank of Minneapolis, and John A. Moorhead, president Northwestern National Bank of Minneapolis, have been elected directors of Great Northern of Minneapolis.

## Springfield-Monarch Names Roy Wessendorf

Roy E. Wessendorf, vice-president of Springfield-Monarch, has been placed in charge of the eastern departmental office at the home office.

Mr. Wessendorf, with the companies 33 years, was in several underwriting departments and became Chicago office manager before being named superintendent of agencies in charge of inland marine operations for the western department territory in 1947. He supervised production for all lines in several western states and was elected resident secretary at Chicago in 1948. He was transferred to San Francisco and elected vice-president of the Pacific departmental office in 1955. In 1958 he was transferred to the home office.



Roy Wessendorf

## North America Makes Service Office Awards

The Cleveland service office of Indemnity of North America has been awarded the Diemand trophy for outstanding production and profit performance in 1959. Harold R. Woodworth, manager of the office, accepted the award from Herbert P. Stellwagen, Indemnity of North America executive vice-president, at luncheon ceremonies in Cleveland.

Four North America offices have been awarded the standard of service office performance awards for 1959. The winners are Carolina, Edwin F. Bridgford, manager; northern California, Edward H. Ryan, manager; St. Louis, David G. Tausche, manager; and Tampa, S. Duke Pearson, manager.

## New Ocean Marine Unit At Chicago For Royal-Globe

Royal-Globe has opened a new ocean marine underwriting department at Chicago. Carter L. Munsie has been named manager. He joined the ocean marine department at the home office in 1947 and later became superintendent of the marine agency department there.

## Marine Group Elects

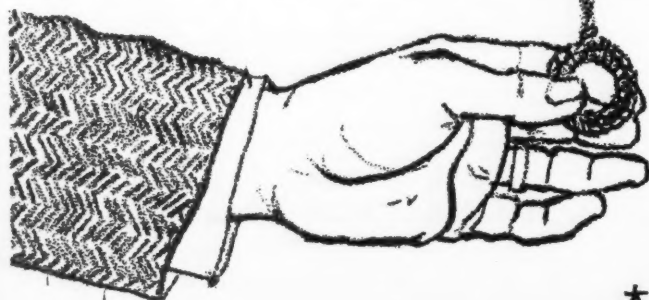
George M. Lethbridge, of Lethbridge & Cornwell, New York agency, was elected chairman of the Coastwise, Great Lakes and Inland Hull Assn. at the annual meeting in New York. He succeeds David A. Arnott, marine manager of Aetna Fire.

Robert W. Hahn, marine manager of North British, was elected vice-chairman, and Edward R. King was re-elected secretary.

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## Weldon In Charge Of Midwest Fire Unit Of General Accident

General Accident has appointed Walter J. Weldon fire manager of the midwest department at Chicago. He was previously with America Fore in the western department, and with Security in Ohio, Texas and Louisiana, where he was state manager.

## Hartman Will Replace Gardner In Nebraska For Great American

S. L. Gardner, state agent for Great American at Omaha, will retire after more than 25 years of service.

Starting May 1, Mr. Gardner has been relieved of fire and allied lines responsibilities (except in an advisory capacity) so that he may directly supervise the company's crop-hail operations in Nebraska during the 1960 season. His other principal duties and responsibilities are being assumed by Special Agent Ronald M. Hartman.

## St. Paul Employees Urged To Get Into Politics

Employees of St. Paul F.&M.-Western Life of Helena companies have been urged by President A. B. Jackson to take an active part in politics.

Mr. Jackson said that if the country's political and economic system is to survive, and if freedom is to be maintained, people must take a more personal interest in the selection and election of their favorite candidates.

Many employees of the St. Paul companies are active in politics, Mr. Jackson noted. The president said he commends them and asks everyone to inform themselves of the basic election issues and then get out and work for those people whose political philosophy comes closest to their own.

## American Mercury Names 3

American Mercury has elected Thomas B. Columbus vice-president in charge of claims, David E. Jensen assistant secretary, and Robert M. Sabiston, assistant comptroller.

Mr. Columbus joined the company in February after 10 years with State Farm Mutual.

Mr. Jensen was with G. C. Whalen Co., predecessor organization of American Mercury. Mr. Sabiston was chief statistician of National Surety, London Assurance, and Atlantic National before joining American Mercury in March.

## Inter-Regional Moves

Inter-Regional Insurance Conference has completed its move to new offices at 125 Maiden Lane, New York. Quarters occupied by several departments of the merged member organizations have been vacated.

Combined staffs are now at the new offices, including personnel of the multi-peril and reporting form service units.

## MFA Mutual Agents Meet

The annual agents' meeting of MFA Mutual and MFA Life at Columbia, Mo., drew 615 agents and employees from six midwestern states. The group was entertained by Herb Shriner, TV personality, and addressed by Fred A. Palmer, sales consultant of Worthington, O., and Ha IL. Nutt, director of the life insurance marketing institute at Pur University.

## Hart Again President Of Mass. Federation

Insurance Federation of Massachusetts reelected as president Cyril S. Hart, president of Boston. Other officers were also reelected at the annual meeting.

Newly elected directors were the following agents: Richard Almy, New Bedford; Raymond J. Buffalino, Swampscott; Robert J. Cary and Robert H. Tullis Jr., Springfield; John A. Eaton, Brockton; Peter P. Gacicia, Quincy; C. Colby Hewitt Jr., Marshall G. Leydon, C. Waldo Lovejoy and Herbert S. Tuckerman, Boston; Thaddeus T. Kosciolk, Lowell; David Rockwood, Hyannis and Edward L. Woodcome, Fitchburg.

The W. N. Gates Co. of Cleveland, which handles legal compliance advertising and filing for insurance companies has formed a legal department headed by Ralph V. Thomen, until recently deputy superintendent of Ohio.

Mr. Thomen is a 1954 graduate of the Ohio State University College of Law and holds a B. S. degree from the Ohio State University.

## Upholds Exclusion Of State Fund WC Data

The court of appeals, New York's highest tribunal, unanimously has upheld a lower court decision empowering the insurance superintendent to exclude state fund workmen's compensation experience in determining WC rates of private insurers. The lower court decision was affirmed without opinion.

The superintendent had asked New York state workmen's compensation board to exclude state fund experience in determination of rate levels. The courts upheld the superintendent's authority to order this done. Heretofore, the experience of the state facility had been included.

One argument of the department was that the private insurers do not need quite as many loss dollars as does the state fund, which was established to furnish coverage to insured that could not get it in the private market. The WC board counter-argued that very little of the state fund's business today is of a distressed character, and that it is, in the main, competing for the same business as private insurers.

## Atkinson Heads New Portland, Ore., Office Of Industrial Indemnity

Industrial Indemnity has opened its first office in Oregon at Portland. Roger N. Atkinson, who has headed the San Diego office since 1956, will be manager. Since joining the company in 1946, he has also been a special agent at Los Angeles and Fresno.

Replacing Mr. Atkinson at San Diego will be Donald H. McComber. Special agent at Salt Lake City since 1958, he went with company in 1954 as an underwriter.

North America's "Christmas Sing With Bing" shared top honors for the fifth year in the Radio Television Daily awards poll. The program, judged in the best musical show of the year category, shared first place with "Holiday with Chevalier" and the Metropolitan Opera broadcasts.

Pacific Indemnity has appointed Chester L. Rudy payroll audit manager in Kansas City. For the past 14 years he has been an accountant and auditor for American group in St. Louis.

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Higher liability  
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## Conventions

- May 13-14, Oklahoma agents, annual, Hotel Tulsa, Tulsa.
- May 15-16, Vermont agents, midyear, Woodstock Inn, Woodstock.
- May 15-17, Virginia & District of Columbia mutual agents, annual, Shoreham Hotel, Washington, D. C.
- May 15-18, New York agents, annual, Concord Hotel, Kiamesha Lake.
- May 15-18, North Carolina agents, annual, Carolina Hotel, Pinehurst.
- May 16-18, Health Insurance Assn., annual, Statler Hilton Hotel, Dallas.
- May 16-18, Insurance Accounting & Statistical Assn., annual, Sherman Hotel, Chicago.
- May 17-18, Illinois Bureau of Casualty Insurers, annual, St. Nicholas Hotel, Springfield.
- May 19-20, Central Claim Executives Assn., spring meeting, Lake Lawn Lodge, Delavan, Wis.
- May 19-20, Arkansas agents, annual, Arlington Hotel, Hot Springs.
- May 19-21, Texas agents, annual, Austin Hotel, Austin.
- May 25-27, National Assn. of Independent Insurers, workshop, Jack Tar Hotel, San Francisco.
- May 26, National Board of Fire Underwriters, annual, Commodore Hotel, New York.
- May 26, Hawaii agents, annual, Oahu Country Club, Honolulu.
- May 27-28, National Assn. of Insurance Commissioners, subcommittee to review fire & casualty rating laws & regulations, Fairmont Hotel, San Francisco.
- May 29-June 1, American Assn. of Managing General Agents, annual, Cloister Hotel, Sea Island, Ga.
- May 30-June 3, National Assn. of Insurance Commissioners, annual, Fairmont Hotel, San Francisco.
- June 1-2, Home Office Life Underwriters Club of the Western States, annual, Del Monte Lodge, Pebble Beach, Cal.
- June 8-10, Maryland agents, midyear, Commander Hotel, Ocean City.
- June 9-11, Florida agents, annual, Fontainebleau Hotel, Miami Beach.
- June 12-15, Conference of Mutual Casualty Companies, management conference, Park Place Hotel, Traverse City, Mich.
- June 13-16, National Assn. of Insurance Women, annual, Denver.
- June 15-18, International Assn. of A&H Underwriters, annual, Conrad Hilton Hotel, Chicago.
- June 15-19, National Assn. of Public Insurance Adjusters, annual, The Concord, Kiamesha Lake, N. Y.
- June 16-17, Delaware agents, annual, Rehoboth Beach Country Club, Rehoboth Beach.
- June 16-17, Georgia agents, annual, General Oglethorpe Hotel, Savannah.
- June 16-17, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.
- June 16-18, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.
- June 19-22, Insurance Advertising Conference, annual, Biscayne Hotel, Key Biscayne, Fla.
- June 26-28, Virginia agents, annual, Cavalier Hotel, Virginia Beach.
- July 7-9, International Assn. of Insurance Counsel, annual, The Greenbrier, White Sulphur Springs, W. Va.
- July 17-20, Consumer Credit Insurance Assn., annual, The Greenbrier, White Sulphur Springs, W. Va.
- August 7-12, Honorable Order of the Blue Goose, annual, Sheraton Cadillac Hotel, Detroit.
- August 14-17, West Virginia agents, annual, The Greenbrier, White Sulphur Springs, W. Va.
- August 15-17, Texas mutual agents, annual, Hotel Galvez, Galveston.
- August 22-24, International Federation of Commercial Travelers Insurance Organizations, annual, Queen Elizabeth Hotel, Montreal, Canada.
- August 24-27, Federation of Insurance Counsel, annual, Bellevue Stratford Hotel, Philadelphia.
- August 25-27, Montana agents, annual, East Glacier Lodge, Glacier Park.
- August 28-30, Wyoming agents, annual, Wort Hotel, Jackson.
- Sept. 6-8, Maine agents, annual, Samoset Hotel, Rockland.
- Sept. 7-10, Alaska agents, annual, Mt. McKinley National Park.
- Sept. 11-14, National Assn. of Mutual Insurance Companies, annual, Olympic Hotel, Seattle, Wash.
- Sept. 12, Vermont agents, annual, Basin Harbor Club, Vergennes.
- Sept. 12-13, Utah agents, annual, Hotel Utah, Salt Lake City.
- Sept. 14-16, Michigan agents, annual, Pantlind Hotel, Grand Rapids.
- Sept. 15-16, Minnesota agents, annual, Pick-N-collet Hotel, Minneapolis.
- Sept. 18-20, New Hampshire agents, annual, Mount Washington Hotel, Bretton Woods.
- Sept. 18-21, Idaho agents, annual, Sun Valley Lodge, Sun Valley.
- Sept. 19-20, Minnesota mutual agents, annual, Pick-Nicollet Hotel, Minneapolis.
- Sept. 19-21, Washington agents, annual, Olympic Hotel, Seattle.

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You Need All  
THREE**

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You should be making all those commission dollars that go with selling *complete* coverage to your clients:

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A & S COVERAGES:**

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HOWARD W. KRAFT, Vice President  
and Director of Agencies



## Zimmermann Named To New Post

Peter A. Zimmermann, assistant secretary of Surety Assn. of America, has been elected a director of New York Credit & Financial Management Assn. He has served many years as a member of its insurance committee and has now been appointed to chairmanship of that committee.



Peter A. Zimmermann

The credit and financial group is celebrating its 65th year. It has 4,000 members representing business, insurance, and financial operations. The New York group is the largest affiliate of National Assn. of Credit Management.

Mr. Zimmermann served the national unit as a member of its insurance advisory council and will attend the annual meeting of that body in St. Louis the week of May 15.

Mr. Zimmermann began with U.S.F.&G. in New York in 1923, joined Towner Rating Bureau in 1936, and when the latter organization was merged with Surety Assn., was appointed to his present position. He handles fidelity bond rating matters.

## Ellis To Portland Field

American Casualty has named Richard K. Ellis fire field man at Portland, Ore. He was formerly with the experimental department of Douglas Aircraft Corp., a chief fire engineer and special agent, and examiner-engineer of Pacific Fire Rating Bureau.

## Employers Liability Schools Agents In B&M

More than 700 Employers Liability agents have attended the nationwide series of seminars the company is conducting on boiler and machinery.

In presenting the program under the title of "The \$70,000,000 Opportunity," the company has pointed out that this figure represents the volume now written by all insurers in the U. S. This is only a small portion of the potential.

The seminars highlight methods of removing the mystery from the line. Subjects covered are recognition and qualification of prospects, basic policy features, simplified explanation of accident coverage, and steps in appraising a risk for business interruption. Visual aids and a sound film in color are used in the program, and underwriting, engineering and agency facilities available on a team basis are emphasized.

John W. Cookson, director of agencies; Earl C. Trefry, territorial supervisor, and Francis X. Callan, assistant superintendent of B&M, conduct the seminars with help from members of the company's local offices.

## D. C. Brokers Combine

Capitol Underwriters of Washington, D. C., has consolidated its operations with Hufty, Eubank & Russell, brokers. William A. Roberts, chairman of Capitol Underwriters, will continue as a director. He is a member of the Washington law firm of Roberts & McInnis.

George B. Kennedy Jr., president of Capitol, has been named vice-president of Hufty, Eubank & Russell.

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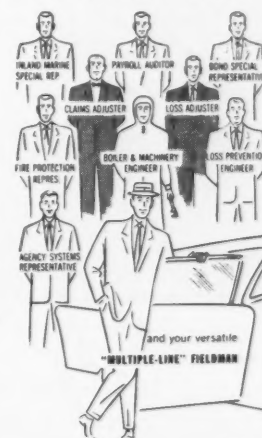
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## Hardware Mutuals Name Carl Jacobs Board Chairman

Carl N. Jacobs and J. P. Jacobs have been named board chairman and president, respectively, by Hardware Mutuals of Stevens Point. Mr. C. N. Jacobs has been president since 1930.

Named executive vice-presidents were N. V. Crosby and Robert C. Jacobs.

Newly elected vice-presidents are

H. C. Allen, R. H. Deck and V. H. Holmes. Mr. Allen has been central east district manager in Cincinnati, Mr. Deck has been middle south district manager in New Orleans and Mr. Holmes Wisconsin district manager in Stevens Point.

Robert J. Sueck advances from assistant treasurer to treasurer and H. A. Graver remains secretary.

**General Adjustment Bureau** has advanced Corbin B. Bruce from senior adjuster to general adjuster at Richmond, Va.

## English Secretary Of Great American

James W. English has been named secretary of Great American and American National Fire in the Pacific department. He joined the company there in 1946 as a special agent and was advanced to agency superintendent in 1958 and to assistant secretary in 1959.

The home office of **Atlantic National** of Miami has been moved to the Morton Building, 1090 N.E. 79th Street.

## General Of Seattle Group Has Gains

The report to stockholders of General America Corp. for the first quarter of 1960 shows an underwriting profit of \$3,260,793, investment income of \$1,799,751 and a net gain from operations of \$2,767,870. After setting aside \$125,000 for catastrophe losses, the net profit for the quarter is \$2,642,870, or \$2.54 a share which compares with \$2.42 the year before. Liquidating value of General America Corp. stock March 31 was \$79.05, up \$9.05 from the same time last year.

General America Corp. is the holding company for General of Seattle, First National, Safeco and Lifeco. The consolidated balance sheet shows an unearned premium reserve of \$94,963,179 and an earned surplus of \$75,179,658.

## Minnesota A&H Assn. Elects Lipke President

Oscar A. Lipke, St. Paul Hospital & Casualty, has been elected president of Minnesota State Assn. of A&H Underwriters. Walter E. Bertram, also of St. Paul Hospital & Casualty, was named secretary-treasurer.

Speakers at the association's annual sales congress included Robert E. Wooster, Springfield-Monarch group; William Harmelin, New York; John J. Plumb, Paul Revere Life; Bruce Gifford, managing director International Assn. of A&H Underwriters; and Howard H. Coron, Mutual Benefit H&A.

## Jefferson Chairman And Sexton President Of J&H

Elmer L. Jefferson has been elected chairman and chief executive officer of Johnson & Higgins, New York brokers. Dorrance Sexton was elected president to succeed him.

Mr. Jefferson spent his entire 43-year career with the firm and was elected president in 1952. Mr. Sexton, who has been engaged chiefly in the marine field and in developing international business, joined the firm in 1933.

## Discuss Coverages On TV

A discussion of casualty and property insurance for the family was held on Classroom 9 television show on WTOP, Washington, D.C. Panelists on the program, which was moderated by Carl A. Anderson, president of District of Columbia Assn. of Insurance Agents, were H. T. Beuermann, president-elect of the association; A. L. Jagoe, Robert V. Oxenham, R. Kelvin Shivers, Lowell Seim and Joseph Pierce.

**Suburban New York Assn. of Insurance Agents** elected Lionel Goldberg of Glen Cove president at its annual meeting. Kenneth Metz of the Scarsdale agency was elected vice-president.

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**America Fore  
Loyalty Group**





The Chicago office of Sayre & Toso was host last week to a reception for some of the insurance people in Chicago on the occasion of a visit from Los Angeles of the president, Harold J. Toso of the parent Sayre & Toso-W. B. Brandt & Co. Mr. Toso is pictured third from the left with (from left) John McCarthy, Chicago claims manager of Sayre & Toso; Herbert C. Brook of the Chicago law firm of Lord, Bissell & Brook, Illinois attorney-in-fact of London Lloyd's; John J. Schindler, secretary, Kenneth F. Hinton, production manager, and Ray Anderson, underwriter, all of Sayre & Toso at Chicago.

### St. Louis CPCUs Hear Fire Prevention Talk

St. Louis CPCU chapter had as speaker for the April meeting Joseph P. Sestric, director department of public safety. He pointed out that since the safety. He pointed out that since the city's fire department and fire protection bureau are under the jurisdiction of his department, the laws governing minimum housing standards gives the department many powers, especially one being enforced: If a building is unsafe, condemn it.

The one major advance in fire fighting in the past 50 years is fire prevention, he said, and this is the purpose of St. Louis' "crash inspection program," to prevent the catastrophes of the past happening again tomorrow. He also noted that there is a constant demand for new laws, whereas if each department of the city knew the laws already on the books and enforced them, "we would have a better city today."

### Brown Bros. Issues Directory

Brown Brothers Adjusters has published a directory of its offices in Washington, Oregon, California, Nevada and Arizona, showing by city and county in each of those states where the closest of the 42 branches is located. Brown Brothers has headquarters in San Francisco and has been in operation since 1942. The 1960 directory lists the managers of adjusters-in-charge of the principal offices.

### Two New V-Ps Elected By American Hardware Mutual

R. J. McMorro and H. A. Miller have been elected vice-presidents of American Hardware Mutual.

Mr. McMorro joined the company in 1948 in the claims department. In 1953 he was appointed manager at the Pacific branch, in 1958 he was made Los Angeles district manager, and last February he was appointed director of sales.

Mr. Miller has been in claims since 1927, joining American Hardware Mutual in 1943 as superintendent of claims. He became assistant secretary in 1950.

### Pacific Employers Group Earnings Gain 83%

Record first quarter earnings of \$286,598, equal to 75 cents a share, were reported by Pacific Employers group. Per share earnings increased by 83% over the same period in 1959 when earnings of \$155,920 amounted to 41 cents.

Net premiums written by Pacific Employers, Meritplan, Allied Compensation, California Union, and California Food Industry amounted to \$8,382,670, also a record and a 15% increase over 1959.

The Meritmatic auto policy of Zurich has been approved in Wyoming and now is in use in 25 states. This is the economy auto plan written in American Guarantee.

### U. Of Texas Forms Insurance Committee

University of Texas has formed an advancement of insurance committee. The major function of the committee is to encourage creative thinking about the problems of the insurance business among university students with special interest in this area. The university states it hopes in this way to establish the University of Texas as a leading insurance education institution.

The committee has as chairman Professor John S. Bickley and, along with six students, contains Robert W. Strain, H. Irving Schweppe and Byron Cosby, also professors at the university.

### Dithmer Bats For Bateman

W. G. Dithmer, midwest regional director of Insurance Information Institute, will appear at the June 14 annual meeting of Ohio Capital Stock Insurance Assn. at Columbus. J. C. Bateman, general manager of III, the announced principal speaker, will be unable to attend.

### Senate To Look At Unauthorized Market

WASHINGTON—Donald P. McHugh, counsel to the Senate anti-trust and monopoly subcommittee, is tentatively planning to resume the hearings on insurance the week of May 23.

When it does resume its investigation of the insurance business, the subcommittee will explore the operation of foreign insurers in the U.S. and the functioning of the surplus and unauthorized market, with special emphasis on what happened in the Inland Empire debacle.

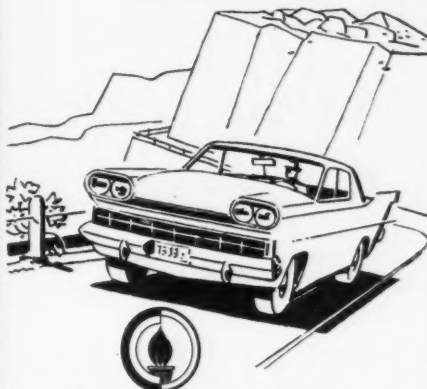
### Harms At Grand Rapids

New Hampshire has appointed Gregory L. Harms special agent at Grand Rapids. Before joining the company, Mr. Harms was with Lundeen & Isaacson agency of Holdrege, Neb.

Roy F. Groth has been appointed adjuster of Baldwin Adjusting Co. at Fontana, Cal. He has had adjusting experience with Underwriters Adjusting in Milwaukee.

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## New Life Company Tax Law Creates Problems For Mutual Fire-Casualty Insurers, Haskell Tells Alliance

Although pressure is being exerted to have bills introduced in the present Congress which would revise taxation of fire and casualty companies, it is doubtful that action will be taken on them this year, American Mutual Insurance Alliance was told at its annual meeting this week in Chicago by George D. Haskell, economist of the alliance, who reviewed the federal tax status of mutual fire and casualty insurance.

Mr. Haskell said it seems reasonable to assume that Congress in 1961 will concern itself with the taxation of fire and casualty companies and that the 1959 life insurance tax act, "with its novel tax theories and implications, is a definite part of the federal environment in which any change in our (mutual) tax status will be considered. It is a force which cannot be ignored." He recommended that the mutual companies preserve their "united front which has characterized

them in all previous attacks on their tax status."

Mutuals are taxed under a plan developed in 1942 by which they pay corporate rates on their net taxable investment income and realized capital gains, or 1% of gross income, whichever produces the greater tax. However, Mr. Haskell explained, the mutuals have never agreed that the 1% floor is a proper tax basis or is justified by any known tax theory. "Our fundamental position is that mutuals are different from stocks and that this difference is of sufficient magnitude to require separate and different tax treatment in the interest of tax equity. This has been and continues to be our fixed policy. Those responsible for representing the mutual companies do not intend to retreat from that position."

Mr. Haskell noted, however, that passage of the life insurance tax bill in 1959 has given to some congress-

men the idea that they are experts in insurance taxation and that insurance is insurance whether it is life or fire-casualty. Any review of the taxation of fire and casualty insurance will be over-shadowed by this new influence.

The 1959 life insurance tax bill divides tax determination into three phases, Mr. Haskell explained. Phase 1 concerns itself with the determination of what is free (taxable) investment income.

Phase 2 sets out the procedure for determining underwriting income and provides that 50% of underwriting income, after deducting dividends to policyholders, shall be added to the taxable investment income determined in phase 1. Dividends may not be deducted to the extent that an underwriting loss in excess of \$250,000 would be created.

Phase 3 sets up two surplus accounts for tax purposes, the first called "shareholders surplus account," into which is put all taxed income plus tax exempt income, and a second "policyholders surplus account" in which 50% of underwriting income not taxed in phase 2 is segregated. In the

event a company wishes to use any of the income in the second surplus account for the payment of a dividend to stockholders, it must first add to the tax base determined in phases 1 and 2 an amount sufficient to support the dividend after taxes. At a 52% tax rate, every \$48 in dividends to stockholders would require adding \$100 from the policyholders surplus account to the tax base in phases 1 and 2. There is a limit on the size of the policyholders surplus account—it cannot exceed 25% of life insurance reserves or 60% of new premiums received in the current year, whichever is higher. Any excess over those limits is added to the tax base of phases 1 and 2.

The sum of the tax base in phases 1, 2 and 3 is subject to tax at the corporate rates.

### Significant To Mutuals

This bill has potential significance to the mutuals and to the stock fire and casualty companies, Mr. Haskell said. It does not differentiate between stock and mutual companies by providing that no underwriting results can be distributed to stockholders without first being subject to the corporate income tax. Such a distribution involves the transfer of funds paid in by policyholders to third-party owners and removes those funds from their insurance purposes.

It is recognized that surplus is, in part, a reserve, Mr. Haskell noted. The provision in phase 2 for taxing only 50% of underwriting income after policyholder dividends and allowing the remainder to go into surplus tax free up to a certain limit, is the substance of this. Management loses full determination of the amount of surplus the company needs, however, because of the limitation of the maximum size permitted for the reserve accretion to surplus.

The factors limiting the size of the policyholders surplus account are based on the variables of policy reserves and premiums written, both of which reflect growth. Mr. Haskell said this suggests that growth out of untaxed funds is at least a limited possibility.

### Dividend Deduction Limited

He stressed that the limitation on deduction of dividends to policyholders in the life bill creates a possible precedent which the mutuals may regard with misgivings. "The forces which led to its inclusion in the life act are either not present or are of only minor consequence in the case of mutual fire and casualty companies," he pointed out. "Nevertheless, the theory suggests that in the event of an effort to change our tax bases we will have to be prepared to defend the full deductibility of dividends. During the consideration of the life tax bill in the Senate, the limitation on dividends was written in partially because of the fear that the very large mutual life companies might deliberately create, through dividend payments, an underwriting loss to avoid taxes, and the further fear that this could result in cutthroat competition damaging to the smaller stock life companies. Likewise there was concern lest by creating underwriting losses to offset taxable investment income, there would be an escape of taxes otherwise payable on investment income."

Mr. Haskell reviewed "the efforts of the Allstate insurance companies and their affiliated front organization—the National Committee for Insurance Taxation—to change the tax status of mutual fire and casualty companies."

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remarking that this organization does not have as a member any member of the National Board or Assn. of Casualty & Surety Companies.

There is a feeling that some change in the mutual tax law should be undertaken, Mr. Haskell observed. "It seems to me that the desire for change is an understandable attitude in view of the widespread and intensive activity of the Allstate group. . . There are strong convictions on the part of some in favor of, a total income approach to all fields of taxation. These advocates are quite insistent that no net income should escape taxation and especially that no organization should be permitted to grow out of untaxed funds. This theory is especially strong among some of the congressional staff personnel. . . The life tax bill does not completely conform to this theory."

### Elliott President Of Pa. Federation

Insurance Federation of Pennsylvania has elected as president William Elliott, chairman of Philadelphia Life. William MacLean, president of National Union, was named first vice-president.

Other vice-presidents are William B. Corey, Provident Indemnity Life; Stanley Cowman, Mather & Co.; Theodore A. Engstrom, Aetna Life; H. H. Gilkyson, Chester County Mutual; William M. Guthrie, Pennsylvania State Council of General Contractors; Edward A. Logue, retired Pittsburgh manager of American Home; J. Maxwell Smith, Keystone, and Clyde F. Wilmeth, United American Mechanics.

John H. Hoffman, America Fore Loyalty, was elected treasurer. John A. Diemand, North America, was named chairman of the executive committee, and Thomas A. Bradshaw, Provident Mutual Life, vice-chairman.

### Landthorn Promoted

Ernest F. Landthorn has been promoted to general manager of Automobile Club Ins. Co. of Columbus. He has been with the organization since 1948, starting as comptroller. Mr. Landthorn was appointed assistant secretary of Automobile Club in 1955 and assistant general manager in 1957, retaining the duties of comptroller.

### Roloff Named President

Ralph Roloff, Grand Rapids, has been named president of Michigan A&H Underwriters Assn. at East Lansing. Lyal DeGraw, Battle Creek, was named president-elect and Mrs. Margaret J. McLavish, Flint, secretary treasurer.

### Hamrick Is President Of Fla. Mutual Agents

More than 400 attended the annual convention of Florida Assn. of Mutual Insurance Agents at Clearwater.

David J. Hamrick of Tallahassee was named president to succeed Charles O. Jenkins of St. Petersburg. Other officers elected are William J. Hartnett of Coral Gables and Clyde A. Anderson of Pensacola, first vice-presidents; Thomas Mead of Orlando and Arthur E. Burrows of Tampa, second vice-presidents, and Ben W. Balay, Jacksonville, secretary-treasurer. Preston R. Rucker was renamed executive secretary.

New directors are Mr. Burrows and Victor Garcia, also of Tampa; Albert E. Ossip, Miami Beach; A. J. Cooper, Winter Park, and Mr. Balay.

Thomas A. Stang of Jacksonville, a former president of the association, was named agent of the year, and Earl A. Brown, state agent Millers Mutual Fire, was presented a certificate as field man of the year. Thomas A. Seals of Insurance Institute for Highway Safety, urged the association to earn for Florida the designation of "Safety State." He advised agents to fight for an effective legislative program, including better driver education, tighter license laws, increased traffic law enforcement and improved highways.

John Keyser of Kalamazoo, president of NAMIA, reported on that group's accomplishments and future projects. He also moderated a panel on umbrella and deductible contracts, with leading agents as participants.

### Michigan 1752 Club Holds Four HO Clinics

Michigan 1752 club drew an attendance over 500 to four homeowners clinics at Grand Rapids, Marshall, Frankenmuth and Detroit. The western Michigan meetings were under the supervision of Howard W. Schreiber, Northwestern Mutual, and Art Hudson, Fremont Mutual, and those in the eastern section were under John McCurdy, Indiana Lumbermen's Mutual, and George Carter, Auto-Owners.

Speakers at the clinics were Fred Lovelace, Northwestern Mutual; Jack Griffin, Michigan Mutual Auto of Traverse City, and Richard Hartman, Auto-Owners.

### Universal Auto Has Gains

Gross written premiums of Universal Auto of Indianapolis in 1959 increased from \$2,162,093.19 to \$3,403,965.92, an increase of 57.4%. The com-

pany is licensed in Indiana, Illinois and South Carolina.

Universal Auto recently acquired several national accounts, including Outboard Marine Corp.'s Cushman Motor Division, United States Kart Assn., selected segments of American Kart Manufacturers Assn. and various manufacturers of motor scooters.

### Clarke Joins Totten & Co.

Richard G. Clarke has joined the executive staff of Morrell P. Totten & Co. as a fidelity and surety adjuster. He has for 24 years been with Glen Falls as claims manager in Washington. He was recently given an early retirement by that company.

Mr. Clarke began his insurance career with the claims department of Travelers at San Francisco in 1922. Three years later he was made Pacific Coast claims manager of London & Lancashire group in San Francisco, a post which he held until joining Glens Falls to handle indemnity operations in Washington and Oregon in 1929.

Totten & Co. maintains nine independent adjusting offices on the Pacific Coast.

William E. Meade has been named assistant to the treasurer of the Farm & Home Ins. Co. of Indianapolis.

### Aetna Casualty Opens Columbus Branch Office

Aetna Casualty has opened a branch office at Columbus, under Leon W. Berg Jr. The office will house all the facilities of Aetna Life group.

Mr. Berg joined Aetna Casualty at Cleveland in 1949. He was named state agent for the fire division at Springfield, Ill., in 1954.

### Defendants Win Again

Defendants in personal injury cases in Chicago last week resumed their winning ways, carrying six of 10 decisions. Damages awarded plaintiffs in the four cases they won totaled \$51,000 out of a demand of \$186,675.

Cook County Jury Verdict Reporter, which summarizes the cases and compiles statistics, shows that since Sept. 1, 1959, defendants have won 221 jury contested cases and plaintiffs 195. Damages awarded totaled \$4,786,578 out of a demand of \$9,450,720.

### Elect Two At Citizens Mutual Auto

Arthur V. Smith has been elected vice-president in charge of claims of Citizens Mutual Auto of Howell, Mich., and Whitfield R. Scarboro becomes vice-president in charge of underwriting.

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## Cal. Brokers Seek Meeting With PFRB On New HO

(CONTINUED FROM PAGE 2)

ty and strong concern over the intended forms, rates and commissions structure."

Mr. Nathan explains that he would like a meeting in which ideas could be exchanged, recalling that in July, 1958, the brokers were invited to participate "in what we were led to believe would be an advance open forum discussion of the proposed changes in the dwelling fire and homeowners forms which became effective 10-1-58; it is . . . a matter of record that at the time of our meeting the proposed forms were already cut, dried and approved for issue and that even though our membership (without the benefit of previous opportunity to study the new contracts) immediately pointed out the glaring non-concurrency feature, it none the less required eight months of strenuous effort subsequent to our original meeting in order to eliminate a deficiency which never would have arisen if our original request for an advance meeting had been favorably acted upon."

Mention also is made of the contribution of the brokers in causing modifications in the National Bureau safe driver insurance plan, with the comment that the dwelling fire and package market rival the importance of the private passenger auto market "and we as producers cannot tolerate the possibility that a similar experiment in the fire field will be imposed upon our California policyholders without affording us, as their representatives, the opportunity of discovering and amending possible deficiencies in advance of their publication."

## Kneeland Of American Gets Minneapolis Post

American has named Francis P. Kneeland production manager at Minneapolis. He graduated from the company's multiple line training school in 1948 and was an underwriter, and special agent in the midwest before being named fire and marine manager at Des Moines in 1956. He was later named production manager there.

## Moulton Regional Manager Of Boston At Los Angeles

Lewis C. Moulton has been advanced to regional manager of the Boston group at Los Angeles. It was incorrectly stated in the April 29 issue that he had been named "manager." Mr. Moulton formerly was manager of agency and production at the group's East Orange, N.J., office.

## Palmer Named At Oakland

William D. Palmer has been appointed special agent for Hartford Accident at Oakland, Cal. Mr. Palmer joined Hartford Accident in 1951 and was trained in underwriting in the Pacific department office and at Oakland. He will service the east bay area replacing Edward Walsh, who has been transferred to the compensation and liability department in the Pacific department at San Francisco.

## Aetna Fire Names Spears

Aetna Fire has appointed H. Mendel Spears special agent at Columbus succeeding James Middaugh. Mr. Spears has been with the company as a multiple line field man at New Orleans for the past three years.

## Out-Of-State Reinsurer Ruled Subject To Pa. Department Regulation

HARRISBURG—A Delaware life company which reinsures credit life contracts written in Pennsylvania is subject to regulation by the Pennsylvania department and to the tax laws of the state, Attorney General Alpert has ruled.

The ruling, requested by Commissioner Smith, held that a Delaware company writing such reinsurance exclusively "is engaged in such activity as to require its being licensed by the insurance department of the Commonwealth of Pennsylvania and subject to the taxing provisions governing insurance companies."



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## Bucks Stock-Mutual Agent Group Mergers

John Keyser of Kalamazoo, president of National Assn. of Mutual Insurance Agents, takes issue with Craig Thorn Jr., of Hudson, former president of New York State Assn. of Insurance Agents, who has predicted mergers between mutual and stock agent associations.

Speaking in Syracuse at the annual convention of Mutual Agents Assn. of New York, Mr. Keyser declared that suggestions for mergers most often come from personalities prominent in other associations, although sometimes from publishers.

He emphasized his respect for other producer organizations but hinted that it is significant that proposals for association mergers come from areas in which the mutual agents have their most successful and active state groups.

To reinforce his argument, Mr. Keyser pointed out that NAMIA has tripled its membership in the last 10 years. Its meetings have been more frequent and have been recognized as the media of exchange for important ideas. Mutual state associations have augmented their professional staffs, and have spoken out on important subjects—such as automation—well in advance of other producer groups, he asserted.

### Propose Youthful Driver Study

Mr. Keyser referred to NAMIA's efforts to solve the problem of youthful automobile driver coverage and to help mutuals to write more of these risks voluntarily and profitably. The mutual joint agency-company committee concluded that further studies

### Chicago Accountants

#### Elect Johnston President

Walter Johnston, Continental Assurance, was elected president of greater Chicago chapter of Insurance Accounting & Statistical Assn. at the annual meeting. Other new officers are M. J. Younker Jr., Hartford Fire, vice-president; A. J. Regensburg, Allstate, secretary, and Robert E. Bradley, American Manufacturers, treasurer.

Speakers and their subjects were Thomas Mott, vice-president of Republic National Life, "Budgets, Why, When and How;" and E. Stuart Files of A. T. Kearney & Co., Chicago management consultants, "Reduction and Control of Office Costs."

### Simmonds, Thompson Join Ind. Lumbermens Mutual

Robert A. Simmonds has been appointed a fire protection engineer for Indiana Lumbermens Mutual, operating out of the Albany branch office that serves New York and New England. For six years Mr. Simmonds has been an inspector with New York Fire Insurance Rating Organization.

Charles E. Thompson has joined Indiana Lumbermens Mutual as a special agent in Texas, working out of Dallas where the company will soon break ground on a branch office building. Mr. Thompson has been in the agency business.

### Conducts Claim Seminar

A claim seminar of Standard of Tulsa was attended by 50 field and home office personnel. Speakers included Justin B. Harris, director of rehabilitation General Re; Charles F. Holmans of Assn. of Casualty & Surety Companies; Wesley J. Kinder, assistant secretary of Standard, and a number of attorneys and doctors.

toward developing psychological tests would be desirable, and NAMIA's board has offered \$5,000 toward a study that would cost \$57,000. If the mutual companies make up the balance, Mr. Keyser said, a constructive solution to the problem may be found.

Mr. Keyser defended the traditional agent who, he said, is essential to the sale of fire and casualty business. He agreed that some companies can marshal salaried salesmen and adopt a special sales program which can be unusually effective. The enormous growth of specialty companies cannot be taken lightly, but this is not an indictment of the independent system which has merchandised the largest portion of \$12 billion in premiums in 1958.

### Other Suggestions

Referring to traditional agents' shortcomings, Mr. Keyser suggested more advertising—a minimum of 1% of gross premiums. He urged mutual agents to take advantage of company and association materials and advertising aids, and especially to use

NAMIA's mounted warrior and the slogan "Mutual Agents Offer More" to gain national impact.

He noted that NAMIA offers its members a good solicitor's agreement to help recruit the most desirable sales personnel, those between 21 and 40, who are being sought by life insurers, captive companies and other industries. The agreement helps to solve the problem of expiration of ownerships, he maintained.

For years, professionalism has been emphasized by agents, Mr. Keyser continued, but it is not undignified to

be equally concerned about selling. Agents should take advantage of the proper sales techniques previously identified more with the selling of tangibles, but now applicable to insurance.

Automobile, homeowners, and package policies in general are all designed for high-pressure sales technique. It is not a matter simply of adopting the methods of captive companies, but of proving that the traditional agency system can improve its selling techniques and still retain the professional approach, Mr. Keyser concluded.

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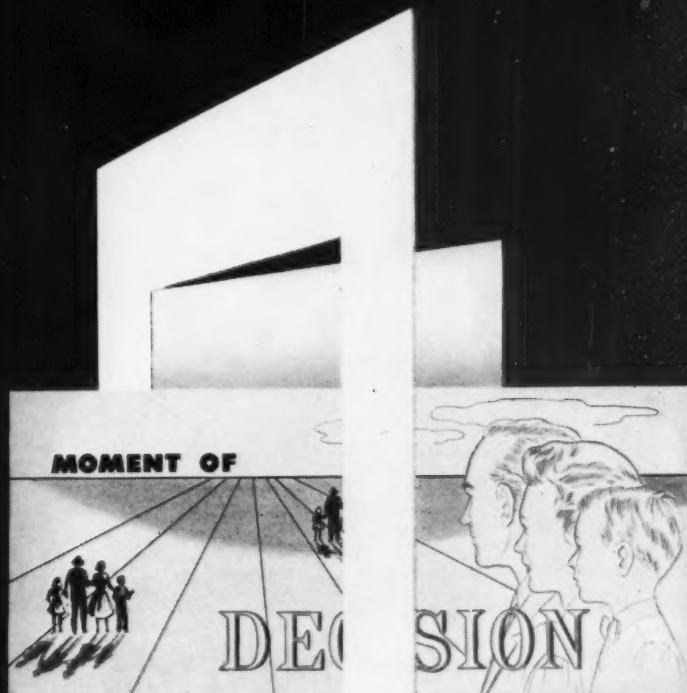
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## Mutual Casualty Claims Men Hear Plea For Jury Education

Both the country and the insurance industry would benefit by having claims men sponsor education programs to upgrade juries, R. V. Lennen, assistant secretary of Federal Mutual of Decatur, suggested at Conference of Mutual Casualty Companies' claims conference at Chicago.

The two day meeting drew an at-

tendance of almost 200 and those present were treated to a varied and interesting program ranging from broad, general problems (inflation and the human aspects of the claims job) to detailed examinations of specifics (uninsured motorists coverage and bodily injury claims). Delegates had Claim Committee Chairman B. G. Gottemoel-

ler, Nationwide Mutual, and Carter H. Grinstead, conference secretary, to thank for, respectively, the stimulating fare and the smooth-running meeting. Donald W. Montgomery, Celina Mutual, president of the conference, tendered greetings to the group and Mr. Gottemoeller presided at all three sessions.

Mr. Lennen said that one way to help halt creeping inflation would be to trim the last ounce of fat from claim settlements. This is not to be accomplished by eliminating the negligence system and moving to a fixed compensable table of disabilities and

indemnities. The jury system is still one of the country's strongest and finest bulwarks. But educational programs to improve juries is sorely needed, he stated.

Although the problem of combating emotional appeals to juries by bodily injury plaintiffs is a problem for individual local counsel, the claims man can still help by running defense seminars, Mr. Lennen said.

### Settling BI Claim Is Art

Evaluating and settling a bodily injury claim is an art, not a science, he stated. There are some pseudo-scientific approaches to it, but actually there are few fields of human endeavor more unscientific. It is, primarily, an area of human relations. And yet, although companies spend a good deal of money teaching salesmen how to sell, how much money is spent teaching claim people how to approach a third party claimant, Mr. Lennen asked.

By far the most troublesome class of cases for evaluation and settlement are the questionable liability ones where there are issues that need to be resolved one way or another, he said. It is here that the true mettle of the claims man is tested.

Mr. Lennen said one of the fastest growing areas in the business, and one the industry did not have to face a few years back, is that of insurer's liability in excess of coverage. He said the mere fact that a company might have low limits and a high demand, or even high limits, need not make it unduly concerned as long as the operating staff has diligently inquired into every facet of the claim and based every opinion and decision on a cool, calm evaluation of all the facts.

### Need Complete Claim File

No claim can be properly evaluated without a complete claim file, he said. Complete information about the adversaries is as important to the claim man as military intelligence is to the tactician. In addition to finding out all there is to know about the accident itself, it is also important to investigate thoroughly the claimant himself.

The important claim arbitration committee of the conference was reported on both by its chairman and vice-chairman. Elmer P. Simon, Frankenmuth Mutual, the chairman, said the committee now has a backlog of some 1,400 cases. He said one-half of these are inter-sectional auto cases. Mr. Lennen, who is vice-chairman, noted that the committee was now 10 years old. The concluding year hit a new high for arbitration cases

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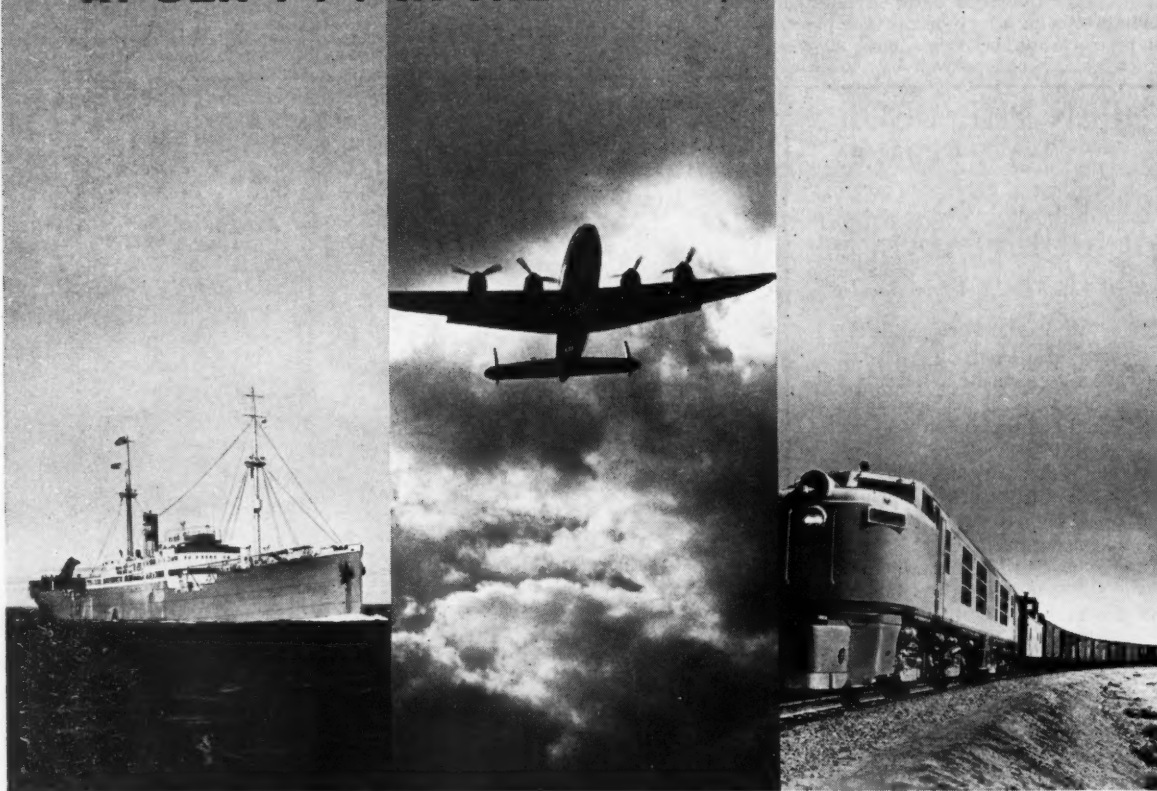
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300; 26 more than the previous year. He said 24% of the cases had been settled directly by the companies prior to actual arbitration.

Three new members were elected to the arbitration committee: Julian Smith, Equity Mutual of Kansas City; Jack Raymond, Badger State Mutual Casualty, and Carl W. Johnson, Mutual Service Casualty.

Robert W. Henderson, of William, Lynde & Williams, Painesville, O., in his address, "The Human Aspects of the Claims Job," stated the "company image" is entering more and more openly into all the policies and plans of insurance companies. He said the image of any company is far more than a simple word or phrase; it often becomes a way of life for employees of that company.

#### Believe In Potential Worth

Mr. Henderson said any manager should believe in the potential worth, goodness and effectiveness of every employee he has. If a manager has this belief his criticisms of employees will be constructive and positive.

William P. Cooney, of Ward, Plunkett & Cooney, Detroit, discussed demonstrative evidence—evidence that is addressed directly to the senses of the court or jury without the intervention of testimony of witnesses. He said this kind of evidence has painfully struck insurance companies and it is this pain for which they seek relief.

What can defendant's counsel do about this type of evidence? Mr. Cooney said "perhaps not much, but he shouldn't and generally isn't surprised." Anything plaintiff will offer, defendant's counsel generally can and does know of well in advance of actual trial.

Showmanship—complete with agonized plaintiff and photographic blow-ups—is often a two-edged sword and frequently loses a plaintiff as much as it gains, Mr. Cooney stated. The usual cross-examination concerning the identity of the person who took the pictures, how they happened to take them, etc., can create an impression on the minds of some jurors of a greedy claims consciousness on the part of the plaintiff or his counsel that will sometimes substantially reduce the verdict, he said.

Mr. Cooney said plaintiff's pre-trial investigation is frequently far superior to defendant's. He suggested this

was possibly the result of too much work for too few men, a turn-over which results in inadequately or poorly trained men, or the present economy-minded feeling on the part of the industry which results in not spending enough money to get all the facts.

Many cases are lost because of the severity of the injury, not because there is any liability, Mr. Cooney said. An experiment is now being conducted, however, wherein the question of fact as to liability is first decided by a jury and none of the questions of in-

juries and none of the proof as to injuries is produced. If the jury decides it is a case of liability, then the plaintiff returns to put in his proof as to damages.

Leroy W. Fieting, claims manager Hardward Mutuals of Stevens Point, said questions as to what constitutes "loading" or "unloading" within the scope of automobile liability policy coverage have plagued claims men for more than 30 years. He said the root of the problem is when did the loading begin or the unloading end.

Ross G. Hume, counsel State Farm

Mutual Automobile, said the uninsured motorist coverage is a development of the 1950s, although it can trace a direct line back to related coverages which were introduced 10 to 15 years before.

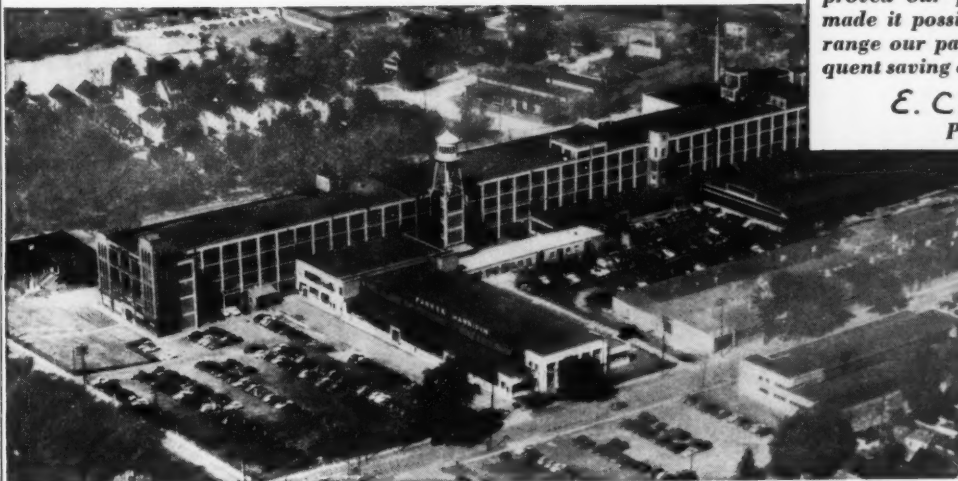
#### List Other Speakers

Other speakers at the meeting included R. Newell Lusby, vice-president America Fore group, "The Claims Man in Mid-Passage," and O. Edward Kurt, consultant, Detroit, "Application of Modern Science to the Investigation of Accidents."

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#### Get Jaffe Agency Awards In New Business Contest

Jaffe agency of New York held a drawing in connection with its golden anniversary new business contest, at a cocktail party and buffet supper.

Hockstein agency won the grand prize. One of its representatives will receive a 10-day cruise for two. Lippin brokerage won second prize, a color TV set. Both winners also received a gold mesh bag, containing 50 silver dollars. About 100 producers won monthly awards in the contest during the past year.

Alfred I. Jaffe, president, credited the contest with raising his agency from fourth to second place in fire business among New York agencies.

#### M&C, Camp Rates Increase

Mutual Insurance Rating Bureau has increased M&C rates for BI 17% and PDL 19.1%. The OL&T rates for BI for camps are increased from \$2.55 to \$3.40 per 100 camper days for the non-profit class and from \$7.75 to \$8.10 for camps not otherwise classified.



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## Davis Expects Insurance Stocks To Outperform Others

(CONTINUED FROM PAGE 7)

direct writer competition. As for inflation, Mr. Davis observed, insurers and rating authorities are at last becoming educated to its perils.

There is a constant campaign in the fire business to keep coverage up to replacement values. Renewal notices stress this and in many instances suggest higher values. More reliance is placed upon this method in fire than upon higher rates. In extended cover-

age, deductibles of \$50-100 have been adopted in many states so that in any catastrophe the companies are not likely to be hit with a flood of costly small repair losses.

In automobile, the principle of a trend factor in rate making has been introduced and accepted in practically every rate making jurisdiction. Rates are not only set upon past experience but are adjusted according to the trend of loss cost settlements.

Even more important than inflation, Mr. Davis commented, are the new methods of distribution. He referred to the increased share of personal automobile market being written by direct writers, but recognized that most insurers would not have been able to accept more auto business without unbalancing their underwriting books. Most insurers do not wish to have too much auto business, but prefer to balance all lines. For this reason, many

insurer executives have been slower to change their operating methods than could have been expected. However, the big change is at hand, Mr. Davis stated.

### Resigned Last Spring

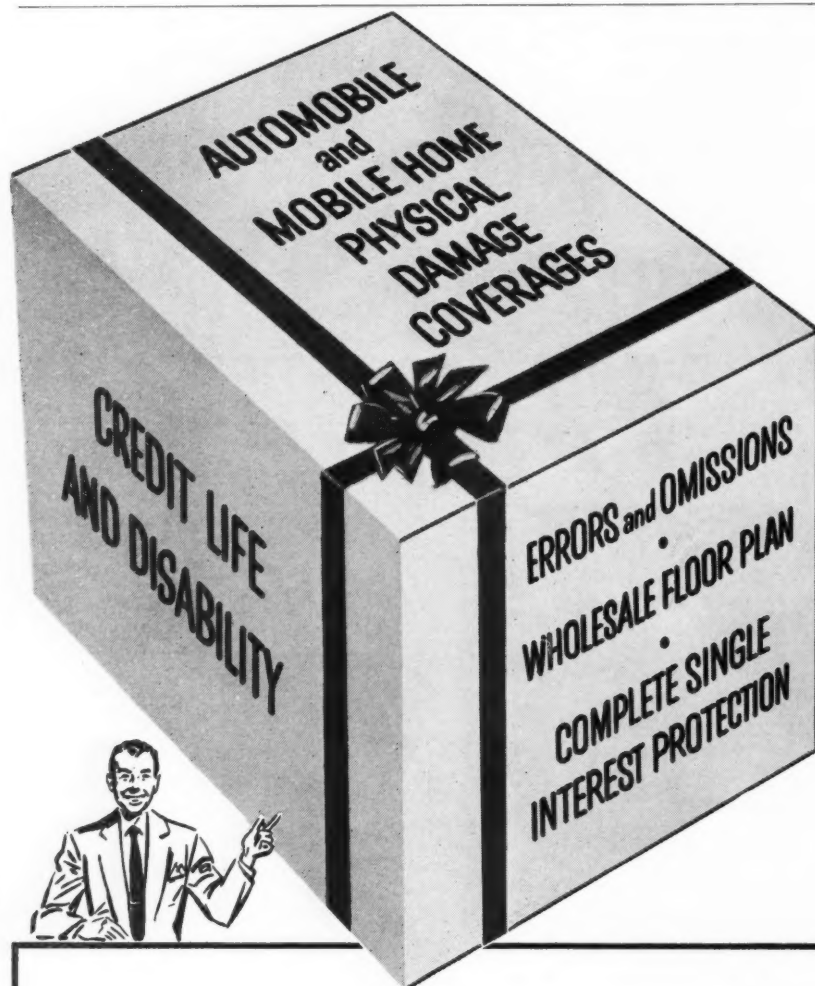
Last spring Travelers resigned from National Bureau to regain flexibility in rate making. Other companies followed suit. National Bureau announced that any company was free to adopt its own rating methods, as long as it forwarded statistics to the bureau. Greater flexibility has come back into insurance pricing, and that is highly important. Many new plans have been introduced to combat the methods of direct writers. "Attack" is now the watchword in many companies rather than "meeting competition."

The new plans—combining direct billing, cash on the barrel head, a continuous policy and reduced commission (often 15%)—have succeeded in taking business away from the direct writers, because the price differential has been narrowed to the point where personal solicitation and service more than counter-balance it. Companies have also adopted a six months policy which makes changes in rates more sensitive to changing loss conditions. Fundamental changes are at last coming into auto insurance—and since auto premiums account for 40% of total fire-casualty volume, nothing could be more important.

### Highly Optimistic

It might be said that as auto goes, so goes insurance underwriting. Mr. Davis remarked. With the fundamental changes made during the past year—reduced acquisition costs, greater flexibility in pricing, new methods of doing business, possibly less inflation, probable reduced repair costs for smaller auto models—prospects for auto insurance have not been better for more than a decade.

In summing up, Mr. Davis noted that the underwriting progress of the companies may not be a one way street during the next several years. There can be catastrophes. Some of the auto plans, granting heavy discounts to safe drivers, may prove to be actuarially unsound. Sufficient experience has not yet been accumulated. But constructive moves are being made by insurer managements, and any momentary cessation of the underwriting improvement will only serve to prolong the cyclical upturn. At this stage of the game, priced as they are, fire and casualty stocks are a winning proposition. It would be hard to find more attractive values.



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## Rex Anderson To Be Keynoter Of IAAHU Annual Convention

Rex H. Anderson, marketing vice-president of Life of North America, will keynote the annual convention of International Assn. of A&H Underwriters, June 15-18, at Chicago. Highlights of the meeting will be sessions on audio-visual selling and presentation of the Harold R. Gordon man of the year award.

Following the keynote address, Robert W. Olser, president of Underwriters National, will speak on "Programming Integrated Life and Disability Sales." The luncheon speaker will be Bill Veeck, colorful president of the Chicago White Sox, and after his comments Miss A&H of 1960 will be crowned. The first session of the international council will occupy the afternoon.

### Breakfasts For Women

Thursday's program will commence with closed breakfasts for wives and women registrants. Leading Producer Round Table qualifiers, and DITC trustees, instructors and graduates. The rest of the day will be given to audio-visual sales demonstrations, and speakers will be E. L. Barrett, president Elba Corp., Boulder, Colo., "How to Sell Effectively with Audio-Visual;" Richard Gilmore, vice-president Continental Casualty, "Point of Sale Audio-Visual from the Company Standpoint;" and a screening of audio-visual film.

Appearing on the final day will be Jack Schwartz of Los Angeles, who will conduct a telephone sales clinic, and a panel on case-histories in manpower and motivation with W. Clement Stone, president of Combined companies, as moderator. Sales speaker and writer Frank Bettger will address the Friday luncheon on "How I Raised Myself from Failure to Success in Selling." The international council will present awards and this will be followed by a meeting of the IAAHU board and DITC trustees.

A reception sponsored by Loyal Protective Life will be held in the evening in honor of President-elect F. Kenneth Stoakes. Presentation of new officers and announcement of the Gordon award winner will be made at the dinner dance.

A fellowship breakfast Saturday morning will conclude the convention.

## Hastings Mutual Names Stanley Executive V-P

Robert E. Stanley, secretary-treasurer of Hastings Mutual since 1956, has been promoted to the newly created executive vice-president position. He is succeeded as secretary-treasurer by Robert B. Godfrey, who has been an agent of the company since 1949. Mr. Stanley's father, the late Orr. G. Stanley, was president of the mutual until 1955.

## Miss Graham In New Post

Miss Kathryn Graham has resigned as librarian of Insurance Library of Chicago to take up her new duties as assistant librarian of the Field Enterprises, Chicago. Miss Graham has been in charge of the insurance library for 11 years. It has been rated as one of the outstanding collections of insurance materials in the country. During the past year Miss Graham has served as secretary-treasurer of Insurance Division of Special Libraries Assn.



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## Marketing Trend Not Revolution, But Delayed Market Trial

(CONTINUED FROM PAGE 2)

clares his "independence" automatically grants the same status to his principals.

Insurer management's basic obligation is sound innovation in the customer's behalf. Present difficulties largely exist to the degree to which that obligation has been neglected in good times, and hurriedly attempted in bad. All purposes and even persons in the business must be subordinated to-

ward the unchanging goal of greater customer satisfaction. It is he—not company executives or agents—who will pronounce the verdict in the present trial of insurance systems by market. No business, however powerful, can dictate to its customers.

A recent illustration of this truth took place in Detroit. A couple of years ago, the big three motor makers had things almost completely their own way. Then an innovator appeared, and

he soon had the highways crawling with little motorized bugs that met the needs of hundreds of thousands of customers.

The big three had some unpleasant moments as a result. But what did they do—resist or adapt? They retooled, and now the customer has his choice of compacts, because he first indicated his acceptance and then his demand for them. Striking parallels of adaptation are now visible in

insurance. These are the weather indicators of the future climate of competition.

The most significant development by far has been the establishment by a number of agency companies of marketing divisions to replace the old agency or production units which were charged with a welter of technical and administrative functions. Sales development was only one of their responsibilities, and the most neglected.

It is astounding to realize that for years in many, if not most, agency companies no individual executive was responsible for marketing and nothing else. The entire sales effort limped along behind routine matters which invariably took precedence. The field men best symbolize this situation because they are the front men in the sales area. For years many of them have been corporate gypsies with unidentified goals and a bewildering assortment of duties. The fault has not been theirs. Their difficulties merely reflected the absence of a marketing philosophy in their companies.

### Limitations Of Marketing Units

Now, however, with a marketing unit established under a top vice-president, many companies are set to move ahead. Everything is not coming up roses immediately, however. The progressive companies which have set up marketing divisions are surely aware that although these units are modelled on similar departments in other fields of business, as well as on divisions maintained by exclusive agency companies, there is a striking difference.

In industry, a company marketing department can operate with complete control over the sales force, from the planning stage through the execution of projects. This is also true of the exclusive agency companies. But traditional insurers have no such chain of command. Their marketing divisions can plan campaigns and bring them only to the point of action. At this juncture, they must "sell" their plans to the independent agency forces.

The agent will have a choice of different company plans. These will often include economy auto policies, budget programs, profit sharing agreements and packages including homeowners, auto, life and A&S. An important part of these features is centralized and mechanized handling of paper work which many agents seem reluctant to relinquish.

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an agent will choose to do business under the plan of one or perhaps two companies. The agent may decide that dealing with one or two companies will be more efficient and less time consuming than selling the plans of half a dozen. The agent may be further persuaded to pick one or two because these plans in all likelihood eventually will not differ in essentials.

The agent's action in deciding to do business with one company or two under their marketing programs will be construed as a smart move by some, and deplored as a voluntary step toward exclusive agency status by others.

Bear in mind that each component of a company marketing program is specifically designed to induce the agent to place all of his desirable personal lines business with that company.

#### Features Of Plans

In such a company marketing program, the economy auto policy is intended to attract the type of customer whose auto business merits acceptance along with the rest of his personal business. The economy auto plan—whatever else it may be—is a device for account selling. The alternative for agents who balk at these auto plans may be inability to sell an otherwise valued customer an entire program of sound protection, including auto. The customer may then be placed with an exclusive agency company and become a prime pigeon for sales efforts aimed at the rest of his coverage. Auto is the key line.

Next, consider the budget arrangement. The significance of company budget plans is not the mechanical arrangement which enables the agent to finance premiums. He has been able to do this for many years through banks, finance companies and organizations within the business. An account of insurance so budgeted, however, could be placed with any number of companies.

Individual budget plans, on the other hand, are obviously intended to secure the entire account for the sponsoring company. Thus, these payment plans propel the agent toward exclusive or at least more limited company representation.

#### Other Factors

Next we come to profit sharing agreements, already introduced by a number of companies and presently under consideration by others. Contingent or profit sharing contracts have been used in the business for at least 50 years, but have been mainly restricted to larger agencies. Now they are being offered to various sized

agencies—even to the most modest.

The new contracts, in addition, have more features than the old, and apply more measurements. Most significantly, they often pay an added percentage for increasing volume. This is still another method of channelling all the business to a single company. Agents may not relish that prospect. However, they have never seriously quarreled with their companies on the proposition that a good agent is worth more pay than a poor one. The factors that make him worth more are efficiency, a minimum of friction in daily dealings, a good loss ratio, and substantial volume. With added income in sight for more volume, some agents may inevitably decide to be good to one company.

Finally, in the over-all marketing programs, there may be a package combining the necessary personal lines with life and A&S. These combinations are so obviously designed to sew up business on an account basis that there is no need to comment on their significance.

These factors are the essence of marketing plans presently in use or projected by most companies. An indispensable feature of all of them is electronic data processing by the company of most mass lines paperwork hitherto handled by agents.

#### Change Affects All

These programs represent change, and some agents bitterly resent that prospect. The mistake they are making lies in the assumption that they are the only ones affected.

This is not so. Everyone in the business has already been or will be affected by sweeping changes—no more pleasant to them than to agents.

Consider the small or medium sized company. How will it ever develop an over-all marketing program, secure the talent to run it, and pay for the automation that is an indispensable component? Some may be able to meet these needs. Others will join forces with another company that complements their own set-up, take over another insurer, or be taken over. None of these prospects—and certainly not the last one—holds any attraction for company officials and other employees who have invested many years with an organization. All of these moves mean radical changes for people on the company side, from president to neophyte.

That is an extreme example. However, change is in the making for even the largest companies and their personnel. Some of these companies have withdrawn from bureaus in order to compete more effectively in



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personal lines—mainly auto. This withdrawal vividly points up the new era of competition between birds of a feather who are no longer flocking together.

#### Impact Of Automation

To put the subject of change into clear focus and to illustrate its impact on everyone in the business, we must turn to automation—the most exciting current battleground in the business.

It is unfortunate that electronic data processing began to occupy the attention of traditional companies at the

very time when adverse competitive developments were prompting them to take drastic economic steps, including reduction of agents' commissions. Electronic machines were immediately categorized as mechanical monsters and, in this emotional context, are still being blamed for certain company actions and plans.

Automation thus provides a convenient pretext for sham battles between producers and insurer management. In the dense smoke of these fruitless encounters, both parties at times have strayed from the funda-

mental fact that automation is nothing but a service tool which opens wide horizons to the agency system for the better accommodation of its customers. All company and agent prerogatives must and will be subordinated at that end.

Automation in itself does not provide a solution to the problems of agency companies. In fact, if they merely transfer outmoded operations to machines they are likely to compound present difficulties and add new ones.

A company must re-examine and

reshape its forms, systems and methods, practically in entirety from the point of sale to the payment of claims, if it expects to get the most out of the new machines.

A company certainly cannot peg a "new marketing program" on machinery. It must first have a marketing philosophy and a department to implement it. That philosophy must come from the top management, not from electronics executives.

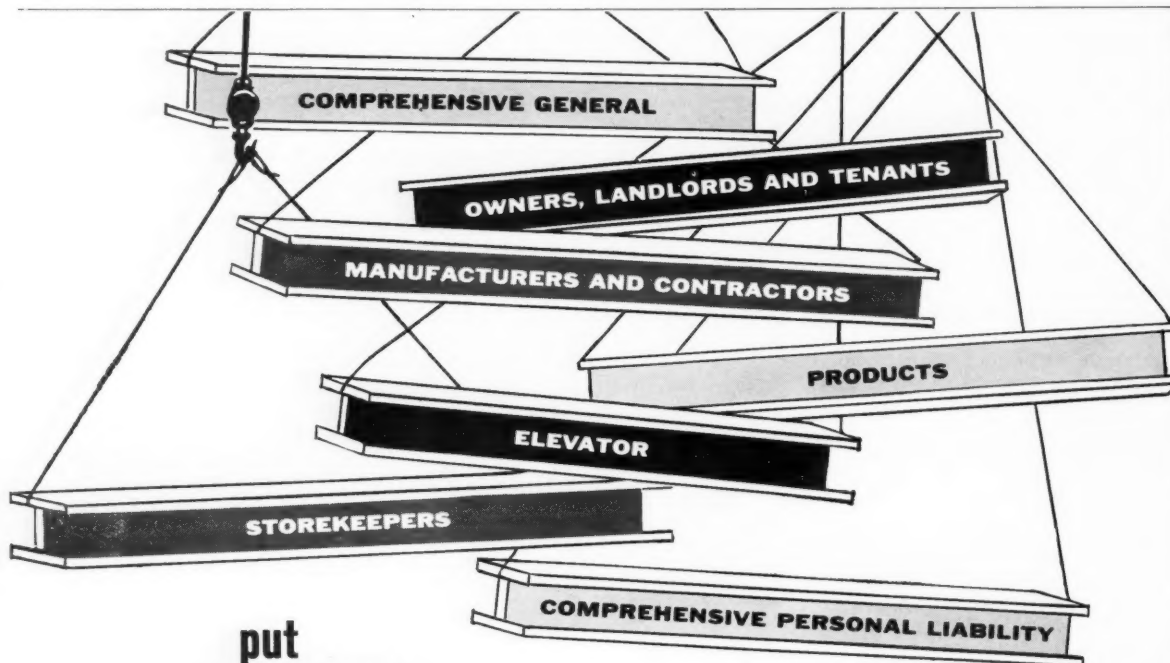
It is painfully clear that automation is going to change the agency system and everyone in it—not only agents. As paperwork disappears from agencies, it will also disappear from branches and wind up at regional or central points for processing. A good many machines will no longer be necessary in branches. Nor will the clerical staffs who have been operating them. They may be reassigned, transferred or dropped. With few procedures and less help to supervise, the branch manager and his executive staff will no longer have the extensive administrative duties which have converted some branches into miniature home offices.

Thus, a consistent picture emerges. The agent, freed of paperwork, should be able to devote more time to selling. The branch people, likewise relieved of detail, can take on the job they were originally intended to do—help the agent sell, particularly, the commercial lines where technical aid is needed. The field men of the future will emerge as sales managers—not unlike the local representatives of the exclusive agency competition. Home office executives, with over-all supervision of branches, will have less paper and administrative functions to oversee. Hence they will cut down their branch visits, their correspondence, and other routines. All of these people are human just like the agents and are no more fond of change.

These probable developments represent the necessary and inevitable streamlining of an entire business which must respond to customer demand if it is to remain dominant in the insurance market place.

Agents and companies are currently clashing on many issues, with each group trying to maintain what it considers its rights. But if in the long run either group tries to put its own interests above those of the public, the customer will vote them both out of economic office. The customer's ballot is the premium dollar. If he votes it for the competition, agency companies and producers will not be able to afford the luxury of interminable argument.

Society of Insurance Brokers of San Francisco will hold its annual golf outing May 27 at the California Golf Club.



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## Casualty Group, Natl. Bureau Meet

(CONTINUED FROM PAGE 1)

Liability, Crum & Forster, Home Indemnity, Massachusetts Bonding and National Union were elected to the executive committee.

William Leslie Jr., general manager



J. Dewey Dorsett



James M. Cahill

of the bureau, and James M. Cahill, secretary, were reelected. Agricultural, Crum & Forster, Glens Falls, London & Lancashire, Maryland Casualty and Ocean Accident were elected to the executive committee. Thomas O. Carlson, bureau actuary since 1944, was named manager of the new southeast branch in Atlanta, and Thomas E. Murrin, associate actuary, was appointed to succeed him.

New members of bureau committees are National Union, statistical; America Fore Loyalty, American Surety, Maryland Casualty, Phoenix of Hartford, and Royal-Globe, automobile rating; Aetna Fire, Fidelity & Deposit and Glens Falls, burglary rating; Glens Falls, Home Indemnity, Maryland Casualty, Royal-Globe and U.S.F.&G., general liability rating; Aetna Casualty, Aetna Fire, Glens Falls and Maryland Casualty, glass rating; and Employers Liability, nuclear energy liability.

Messrs. Haugh and Dorsett made talks, and J. Carroll Bateman, general manager of Insurance Information Institute, and Russell I. Brown, president of Insurance Institute for Highway Safety, spoke briefly.

Mr. Haugh urged the business to help stem the tide of inflation. He recommended support of Council for Economic Growth & Security, a group organized to fight inflation.

He noted that commissioners and industry now are considering what needs to be done regarding rating laws.

Two major transitions occurred during the past year, Mr. Dorsett reported. These were the transfer of public relations to III, and the assignment of programs, records, facilities and staff of the accident prevention department assigned to traffic safety to Insurance Institute for Highway Safety.

## Bird, Byrne Oppose Sale Of Universal

(CONTINUED FROM PAGE 1)

28% of the 75,000 outstanding, came as no surprise to company officials, since overtures had been made by Mr. Broad before. These officials expressed doubt that Mr. Broad would succeed in getting control of the company. It was rumored that substantial holders of Universal stock were back of the Shepard Broad offer.

The price on the offer, \$50 per share, was \$14 over the recent market value of the stock, but considerably below the \$82.65 per share adjusted book value.

The letter to Universal stockholders stated that the directors felt that "the

present stockholders should share in the equity which has been built into your company over the years rather than have it become the property of others who have more recently become aware of its very sound financial condition.

"Your managers have no information of any kind as to why this offer is being made or as to what the future of the company will be if the offer is accepted," the letter added.

It was also announced that a special stockholders meeting on May 24 would be held to vote on the stock split.

Agent for the buyer is the Chase Manhattan Bank. The offer, which expires May 27, reserves for purchasers the right to retain or reject additional shares over the 21,000 figure mentioned. If less than that figure is offered, the entire block can be returned to owners.

Since 1957, Mr. Broad, along with Raymond K. Mason, has run Carolina Casualty, writing automobile business, Ins. Co. of the South, writing fire and allied lines, and Carolina Home Life, founded in 1955. These three companies operate as a group. Carolina Casualty has more than doubled its policyholders surplus funds since 1953. In the last five years it has broken about even in underwriting.

Sponsors and founders of Universal are Talbot, Bird & Co., marine managers of Buffalo, Eagle Star, Caledonian, American Equitable, Globe & Republic, Merchants & Manufacturers, and New York Fire. No figures are available on the amount of stock in Universal owned or controlled by Talbot, Bird. Directors of Universal, also directors of Talbot, Bird, owned personally 4,779 shares of the company at the end of 1959.

## NAIA Chief Poses Threat Of Union

(CONTINUED FROM PAGE 1)

tional Assn. of Insurance Agents, declared in a talk at the annual meeting of the Pennsylvania association at Hershey.

No association in the business desires that development, he asserted, but if independent agents are reduced to the status of captive agents, a unionized organization may result.

Mr. Jones complained of the "on-again off-again" attitude of leaders in the business with regard to various new plans which have created many problems for the independent agent in his dealings with insured. After explaining how much broader a new coverage was, the agent has had to return to inform insured that certain protection has been deleted. Later, some of

the new plans restored some of the coverage that the agent only recently explained was unavailable.

The recent switch on the part of some companies away from the "take it or leave it" attitude is a healthy sign, Mr. Jones said, but it nevertheless makes it difficult for an established and soundly operating agency to plan ahead and concentrate on its primary function—selling and servicing insurance. Fortunately, the bouncing around to which the independent agent has been subjected in recent years has not

left him critically or permanently injured. Mr. Jones cited as an encouraging sign the large number of successful independent agencies that have been started during the past 10 years. The market was obviously there for those who would work for it, he said.

Harold Holt & Co., Albany adjusting firm, has elected John R. Galloway vice-president. He has been with the organization for 10 years. Previously he was with General Adjustment Bureau.

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## Sees Danger In Super-Selectivity Drive

(CONTINUED FROM PAGE 6)

matons who ignore the human equation and devote themselves to the search for a 50 cent rate advantage for those who do not snore? Mr. O'Connell asked. Are manufacturer and distributor alike—company and agent—to become price experts only, and throw away years of study, work and preparation, and pride in the business? What happens to pride of handiwork, for those who explain, interpret, create and modify the always complex terms of contractual language? What is to happen to advice, counsel and consultation?

## Cold Realization

He noted that the agency companies and their agents finally have had to acknowledge that highly selective underwriting, ruthlessly enforced, was making money for its practitioners. Agents have had to come to the cold realization that personal service has little or no attraction for the mass market, that price is a controlling factor, that few persons really wanted to buy what those agents sold anyway, and that none of them cared a cuss about how little commission the agents made or who owned the expirations.

Consequently, today the giants in the agency company ranks have entered the arena and are engaged in an aggressive, effective challenge to their competitors. They are meeting the challenge of price and applying selective underwriting. Mr. O'Connell said he is not critical of this move. All are in the cut rate business now. Two systems are in a deadly clash, a process of self extermination.

He thinks that many of the catchy promises of special classification and rate treatment today are extravagant, perhaps even fraudulent, since they offer the product widely but more and more members of the public become ineligible for the product at a preferred price, or at any price.

Super-classification of insured, he indicated, will produce only short term advantages in either system of marketing. The process, as it goes on, will arouse resentment. Compulsory auto in its inevitable advance, will never allow the discrimination now employed by the business. Even now assigned risk plans are wagging the dog. He warned that there is not a state in which assigned risks alone could not control an election or a referendum.

Before it is too late, he declared, the business must establish a rating basis common to all. There must be established an ethical code of underwriting conduct so that insurance can be purchased by all who need it at a price within their means. The extra-super preferred risk must be thrown into the common pot or the term insurance is not an honest one.

Competition is all right, he said. Direct billing, reduced commissions,

continuous policies, cash and carry, controlled expirations, branch offices, store sales, and aggressive advertising all are honest competitive weapons. They are rough but perfectly legitimate.

But a rigidly enforced selective system, far removed from the proper understanding of insurance and designed to exclude great portions of the public "from our monopoly" downgrade the business and place those in it on the defensive in the court of public opinion. Unfortunately, none of this effort brings in an additional dollar to meet obligations.

Mr. O'Connell believes the business must find some area of agreement to survive.

## Paul Slater Retires

Paul J. Slater, adjuster in Oklahoma of America Fore companies, has retired after 31 years of service. The Oklahoma City office force of America Fore presented Mr. Slater with a gift and the men in the office and their wives honored Mr. and Mrs. Slater at a dinner.

## What motivates the fire insurance buyer?

The man buying fire insurance wants first to protect his property values. Then he wants to be sure he is not paying more than he needs to for this protection.

All too often he is likely to consider the valuation of the property mainly as a factor which determines how much premium he must pay and, therefore, may be content with a rough estimate of value. Rough estimates create a false sense of security, are incapable of substantiation and expose the property owner to unnecessary hazards in the support of coinsurance or proof of loss.

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THE DOORWAY TO PROTECTION

### Seibels, Bruce Names Woodside At Atlanta

Seibels, Bruce & Co. has named Scott P. Woodside agency superintendent in charge of casualty and surety in Georgia. He succeeds W. M. Amerine, resident vice-president at Atlanta, who supervised the Georgia operation for more than 30 years.

The company has consolidated its fire and casualty offices in Atlanta under the over-all supervision of S. E. Taylor, agency superintendent.

Mr. Woodside was most recently with U.S.F.&G. as superintendent of casualty lines at Columbia, S.C.

Julie F.&amp;D

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## Julie Advanced By F.&D. At Baltimore

Roy E. Julie Jr., manager at Baltimore of Fidelity & Deposit since 1958, has been placed in full charge of that office. He succeeds Owen A. Donegan, vice-president, who retired recently after 54 years of service, 31 as head of F.&D.'s bonding and insurance operations in Maryland.

Mr. Julie joined F.&D. in 1948 and served for four years as special agent at Newark, Greensboro and Richmond. He was named assistant manager at Richmond in 1952 and was assigned to Baltimore as assistant manager in 1954.

## Hayes Favors La. Auto Merit Rates, But Wants Statistical Bureau First

Commissioner Hayes of Louisiana has come out in favor of merit rating for motorists but says it will be necessary to have a statistical bureau in operation before introducing such a plan. He spoke at a luncheon during the two-day workshop meeting of Louisiana 1752 Club in Alexandria. Mr. Hayes said a bill would be introduced in the legislature to establish a statistical bureau for merit rating.

All insurance rates are discriminatory, but should not be unfairly so, he said. Noting the trouble with the auto merit rating plan in Texas, Mr. Hayes said it would also be necessary to study the inherent problems before Louisiana embarks on any such plan.

A bill will be introduced to make the commissioner of insurance a constitutional officer. Mr. Hayes also suggested that insurers encourage establishing of courses in insurance at Louisiana State University. He also said he favors more legislative committees in insurer organizations.

## Stuyvesant Names Work, Boyd, Sult Assistant V-Ps

Stuyvesant has promoted Thomas R. Boyd, Paul W. Sult and Richard H. Work to assistant vice-president. Mr. Boyd, who has been with the company since 1957, was middle Atlantic regional vice-president and is now assistant to William F. Martin, vice-president in charge of auto physical damage. Mr. Sult joined the company last year and heads the casualty division. Mr. Work is manager of the claims department.

## Mary Burns Joins Lenz Agency In St. Petersburg

Miss Mary M. Burns, formerly underwriting manager of excess and surplus lines in the Chicago branch office of Continental Casualty, has joined the Charles A. Lenz & Associates agency in St. Petersburg, Fla. The agency is a Lloyd's correspondent.

Miss Burns, who started in insurance in 1950 with Continental Casualty, will be underwriting supervisor of surplus, excess and hard-to-place lines in the Lenz agency. She is a CPCU.

## Amateur Rocket Hazards Analyzed, Curbs Urged

The building and launching of rockets by non-professional space enthusiasts are causing deaths, serious injuries and property damage. The special hazards committee of Assn. of Casualty & Surety Companies urged the 10,000 members of the nation's rocket clubs to switch their attention

from live model experiments to programs of study and research.

National Fire Protection Assn., the committee noted, has strong indications that teen-age scientific experiments are not yet adequately regulated and controlled.

The committee urged that the hazards be publicized through schools, youth and parent groups; that merchants discourage the purchase of materials used in rocket fuels; and that parents make certain their children are not experimenting without adequate supervision.

## Fisk, Thomas New V-Ps Of Kansas City F.&M.

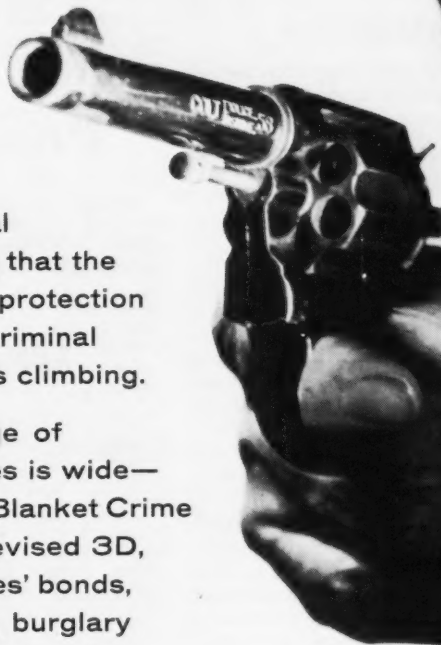
Kansas City F.&M. has promoted Charles F. Fisk and Eugene K. Thomas to vice-president. Mr. Fisk, who joined the company in 1930, has served as manager of the accounting department, assistant secretary and assistant treasurer. Mr. Thomas went with Kansas City F.&M. in 1945 as a special agent in the Kansas field, and he became a departmental secretary in 1956. Previously, he had been with Kansas Inspection Bureau.

## Benge Atlanta Manager Of Indemnity Of N. A.

Thomas G. Benge has been appointed manager of Indemnity of North America at Atlanta. He joined the company in 1948 and was special agent at Orlando and Lubbock, Tex., before being named assistant manager at Dallas in 1957. He was transferred to Houston as assistant manager in 1958.


Howard Bartel has been appointed manager of tabulating operations of Market Men's Mutual of Milwaukee.

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newspaper,



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## Editorial Comment

### Semantics Require Some Logic

Gov. Rockefeller issued a statement when he signed the bill that authorizes the superintendent to consider commissions when passing on rate filings in New York. In the course of explaining why he signed the bill, Mr. Rockefeller pointed out that there is a difference in commissions paid by direct writers and those paid by "indirect writers."

Why this term has not, to our knowledge, cropped up before is surprising. For, after all, if there are direct writers, there must be indirect writers. This is a logical piece of identification by Mr. Rockefeller. The reason it sounds so odd is that, while itself a proper term for the contrast Mr. Rockefeller wanted to express, it stems from an illogical base.

The term direct writer doesn't mean

what it says. It is just as absurd as the term "indirect writer," only we are used to hearing it. The direct writer doesn't write business direct with insured but through agents. The "indirect writer" doesn't write business any more indirectly than the other kind—it also writes business through producers. The difference arises at the agency and not at the company level.

One agent places business with only one company (or group) under an arrangement or contract which does not give him ownership of his expirations in case the agent and insurer part company. The other agent places business with several companies and owns his expirations; he can, if insured is willing, transfer the business when he and a company part company.—K.O.F.

### The Significance Of Super-Selectivity

Deterioration in experience on dwelling business which has not been absorbed in homeowners continues to accelerate. According to National Board reports, countrywide earned to incurred loss ratio on dwellings only—all constructions and protections—for the five years from 1954-1958 was 42.7. For 1958 the ratio was 49. On buildings and contents, the comparative figures for the same periods were 57.5 and 61.2. On household contents, they were 55.4 and 58.7. Comprehensive dwelling policy experience is reflected in these figures, but not homeowners which has played a larger part in draining off select dwelling business.

It is interesting to note how states with disparities in size and character of population follow the same relative pattern of worsening dwelling experience. In New York, the dwelling loss ratio for 1954-1958 was 43.6 and for 1958 it was 52.2. On buildings and contents, the figures were 55.6 and 63.6, and on contents they were 51 and 56.

In New Jersey, where underwriters consider the dwelling class better than in New York, the ratios on the class

mentioned for the comparable periods were 32.1 and 41.1; 38.8 and 44.8, and 50.6 and 58.9.

New York City, where underwriters tend to resist writing homeowners more than in other areas, shows a mixed pattern in dwelling experience. Here the dwelling-only ratio for the five year period was 47.2, and for 1958 it was 49.8. On buildings and contents the figures were 61.9 and 52.9 (the only decrease in the pattern). On contents, the ratios were 48.1 and 48.4. The ratios here have not significantly deteriorated, and in the one case improved.

There is the further possibility that the experience of individual companies may be worse than the over-all figures in this compilation indicate. There has been a draining off of newly constructed dwelling business by specialty insurers and high commission companies, as well as a diversion of select business by way of certain mortgage companies, for example. One underwriter knows of large blocks of brand new dwelling business that for a three or six year period will probably produce a 10% to 15% loss ratio, but this business does not come

through normal channels.

An anomalous situation seems to be in the making. Homeowners rates have steadily gone down, and the 1959 program for competitive reasons is being pegged at a price which it would be difficult to undersell without disastrous results. Having learned from auto experience that it is a stupendous job to recover business once lost, the companies have apparently determined to hold homeowners by what amounts to a price war.

While decreasing rates apply with respect to preferred dwellings under homeowners, the rising loss ratios on the dwelling classes outside the package at least give rise to the possibility of companies seeking rate increases for relief in these categories.

Thus the principle of the economy auto programs seems to have invaded the dwelling field—the desirable risk can get a constantly lowered rate while others may face the difficulty of getting business placed and the possibility of constantly growing costs.

Since the two principal personal lines are now marked by the same selectivity, there seems to be developing what could be termed a huge "unwanted" mass market.—J.N.C.

## Personals

**Norman H. Hayes**, sales director Keystone of Philadelphia, has been elected president of Sales Managers Assn. of Philadelphia.

## Deaths

**VERNON HALL**, 77, retired vice-president of America Fore group, died at Inglewood, Cal. He lived at Montclair, N.J., and was buried at Athens, Ga. He joined Continental as inspector at Atlanta in 1909. He became special agent in 1911 and was transferred to the home office as general adjuster in 1921. He was appointed secretary of America Fore fire companies in 1924 and vice-president in 1932. He was also appointed vice-president of Fidelity & Casualty in 1939 and was in charge of fire losses countrywide at the time of his retirement in 1953. He was a past president of Loss Executives Conference and past chairman of the advisory and con-

ference committees of General Adjustment Bureau, and past chairman of the loss committee of Railroad Insurance Assn.

**BURTON B. GRACEY**, 69, vice-president and secretary of Hartford Fire, died suddenly at his office. With the company since 1936, Mr. Gracey was elected assistant secretary in 1944, secretary in 1944, assistant vice-president in 1950, and vice-president and secretary in 1953. Before joining Hartford Fire he was manager of the Hartford office of Fire Companies Adjustment Bureau. He had also been with Aetna Fire in the field and at the home office, and was for a time in the agency business at Syracuse. He was a past president of Loss Executives Assn.

**W. D. TREWARTHA**, vice-president and San Francisco manager of General Appraisal Co., died.

**EARL O. JOHNSON**, 64, president of Walsh Bros. agency of Omaha, died. He started with the agency as an office boy 45 years ago and became president in 1945.

**JOHN H. FLACHMANN**, 79, retired president of Standard Underwriters agency of St. Louis, died of cancer. He was a co-founder of the agency and had been in the insurance business since 1913.

**SHELBY WALKER**, 69, president and manager of Farm Bureau Mutual of New Hampshire, died at Concord. He was mayor and city councilman from 1950 to 1953 and served three terms in the state legislature. His son, George R. Walker, has been elected by the company's directors to succeed him.

**HENRY E. FROST**, 83, chairman of Hoey, Ellison, Frost, Mezey agency of New York, died at his home in Port Washington, N. Y. He began his career with German American and was later with Hall & Henshaw in New York before joining White & Ellison agency in 1916. Since then he has been with the successor firms. He became president of Hoey, Ellison & Frost in 1941, and chairman when that firm merged with Mezey agency in 1956.

**WILLIAM J. McAULIFFE**, 58, special agent of National Board, died in Boston while attending a meeting of the Massachusetts Board of Fire Prevention Regulations, of which he was secretary. Mr. McAuliffe had been a special agent of National Board for 31 years in eastern Massachusetts and Rhode Island.

**VICTOR MONTGOMERY Sr.**, 68, a founder, long-time president and chairman of Pacific Employers group, died at his home in Beverly Hills, Cal., following an extended illness.

Mr. Montgomery was born in Albion, Neb. After studying at the University of Nebraska and the University of Utah, he received his bachelor of science degree from the University of California in 1916, and that year joined the California department as assistant actuary. He was named actuary in 1917, serving until 1921 when he assumed additional duties as deputy commissioner. In 1923, Mr. Montgomery helped found Pacific Employers, the first domestic stock participating workmen's compensation insurer. He guided the company to a leading position. Today the group operates in 43 states and the District of Columbia through more than 4,200 agents and 800 employees.

At the time of his death Mr. Montgomery was chairman of Pacific Em-

## THE NATIONAL UNDERWRITER

The National Weekly Newspaper  
of Fire and Casualty Insurance



Published by  
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employers, Meritplan, Allied Compensation, California Union, California Food Industry, Victor Montgomery general agency, Montgomery & Collins, and Pacific General Agency of Seattle.

Mr. Montgomery was one of the leaders in the development of the California rate regulatory law. He was a founder and former president of Western Insurance Information Service and a Fellow in Casualty Actuarial Society.

**JOSEPH F. O'BRIEN**, 61 secretary of American Foreign Insurance Assn., died in New York. He joined AFIA in 1921 as chief accountant at Shanghai. In 1923 he was transferred to the head office where he advanced in 1949 to chief accountant and controller. Since 1951 he had directed the world-wide personnel affairs of AFIA. He was elected secretary in 1953.

## Mutual Of Omaha Sets Grant For Nursing Home Center In Washington

Mutual Benefit H.A. is establishing a grant making possible an international nursing home education and service center in Washington, D. C. The center will be known as the Mutual of Omaha Research Center and will be the first educational facility ever established to help administrators of America's more than 12,000 nursing homes.

Dr. Mayo, Mayo Clinic, a member of Mutual of Omaha's board and chairman of its awards and research committee, said in making the announcement that the cost problems of health duces by judicious use of nursing homes, especially for long periods of recuperation. He said many aged patients need more time to recover from major sicknesses or accidents. In a majority of cases, they do not need the extensive facilities of today's modern hospital.

## Other Than Political Solutions

Too many in government have been looking for a political solution to a medical problem, Dr. Mayo said. Everyone realizes there is a problem, but there are many solutions other than political, compulsory control. Providing protection and care on a voluntary basis is in keeping with the traditional American freedoms.

The research center building will be a model 50-bed nursing home, containing lecture and class rooms plus an auditorium. It is expected that the building will also house the national offices of American Nursing Home Assn.

## Stocks

By H. W. Cornelius of Bacon, Whipple & Co.,  
135 S. La Salle St., Chicago, May 10, 1960

	Bid	Asked
Aetna Casualty .....	77	81
Aetna Fire .....	73 3/4	76 1/2
American Equitable .....	40 3/4	44 1/4
American, Newark .....	25 1/2	27 3/4
American Motorists .....	13 3/4	15 1/2
Boston .....	33 3/4	36
Continental Casualty .....	70 1/4	74 1/2
Crum & Forster .....	60	64
Federal .....	53	56 3/4
Fireman's Fund .....	49 3/4	53 3/4
General Re. ....	95 1/2	101
Glens Falls .....	34	36 3/4
Great American .....	41 1/4	44 1/4
Hartford Fire .....	48 3/4	51 1/2
Hanover .....	41 3/4	44
Home of N. Y. ....	54 1/4	57 3/4
Ins. Co. of No. America .....	127 1/2	131
Jersey Ins. ....	32 1/2	35 3/4
Maryland Casualty .....	32 1/4	35
Mass. Bonding .....	41	43 1/2
National Fire .....	139	146
National Union .....	36	38 3/4
New Amsterdam Cas. ....	45 1/4	47 3/4
New Hampshire .....	50 1/4	53 1/2
North River .....	35 1/4	38 3/4
Ohio Casualty .....	25 1/4	28 3/4
Phoenix, Conn. ....	77	80 1/2
Prov. Wash. ....	21 1/4	24
Reins. Corp. of N. Y. ....	21 1/4	23 1/2
Reliance .....	51	54 1/2
St. Paul F. & M. ....	54	57 1/2
Springfield F. & M. ....	30	31 3/4
Standard Accident .....	47 3/4	51
Travelers .....	75 1/4	78 3/4
U. S. F. & G. ....	38 3/4	40 1/4
U. S. Fire .....	27 1/4	29 3/4

## W. W. Krom To Leave Chicago Board July 1

Willard W. Krom, secretary-manager of Chicago Board of Underwriters, announced this week that he is resigning from that position as of July 1. His plans for the future are not definite.

Mr. Krom has an insurance background of 34 years. He started with the Chicago Board in 1926 in the rating department, and became an expert in insurance forms, contributing to the development of many forms in the fire business. In 1945 Mr. Krom was advanced to assistant manager of the board, and in 1947 he became assistant secretary as well. He was elected secretary-manager in 1953.

While serving as administrative head of the 2,000-member board, Mr. Krom also has been secretary to the Fire Insurance Patrol committee and secretary and a director of Road Aid. He was instrumental in introducing the use of tabulating accounting to agencies in Chicago.

Mr. Krom is a nationally known and popular insurance man, having been in 1958 chairman of National Assn. of Local Board Secretaries.

## Proposed Dental Service Plan Appeals Smith's Veto

HARRISBURG—Pennsylvania Dental Service Corp. has appealed to the Dauphin County court for a ruling on Commissioner Smith's recent refusal to grant it permission to set up a pre-paid dental service program modeled after Blue Cross plans. The commissioner refused permission because no experience figures exist and the organization for the time being plans to write group cases only.

In its exceptions filed with the court, the dental organization pointed out that the state health department had approved its charter and that only insurance department approval is needed to permit it to function.

## Colo. Guest Statute Upheld

Colorado supreme court in a five to two decision has upheld the automo-

bile guest statute, holding that "reason and legal authorities justify our conclusion that the Colorado guest statute does not violate the constitution."

The Kentucky guest statute has been declared unconstitutional, and note was taken of this in the Colorado case, but it was observed that Kentucky law preserves the common law right of a citizen injured by the negligence of another to recover for damages in all cases. There is no such provision in the Colorado constitution.

## Complete Card For Pa. Education Conference

The program is complete for Pennsylvania Insurance Educational Conference to be held June 12-14 at Pennsylvania State University.

The evening of June 12, Eastern Underwriters Assn.'s effective salesmanship film will be shown by Frank W. Campbell, Agricultural. The morning program for June 13 consists of two sessions of two sections each. At the first session, Joseph C. Young, North America, will conduct a fire policy writing clinic, and simultaneously Ralph H. Lundberg, Phoenix of Hartford, will discuss retrospective rating.

At the second session, Dayson D. DeCourcy, Travelers, will deal with the importance of A&S and life in the fire and casualty agency. At the second section the U&O sales kit will be discussed by A. Addison Roberts, Reliance; Boyd Bruce, Phoenix of Hartford, and Truman D. Green Jr., Agricultural.

## Trends In Marketing

The afternoon program will open with a discussion of trends in marketing by John N. Cosgrove, associate editor of THE NATIONAL UNDERWRITER. Thomas Nuckles, West American, will speak on adapting merchandising methods of direct writers.

Following the banquet, George C. Peacock, vice-president of Agricultural, will talk on the use and purpose of the field man. Charles G. Fickes Jr., Harrisburg, will describe the civic role of an agent.

The June 14 program will open with a casualty policy writing clinic by Paul L. Wellener Jr., Maryland Casualty, and discussion of a uniform grading schedule by John H. Losh, St. Paul F&M.

"Survey Selling Skit" is the title of the presentation by Glenn B. Morris, Aetna Casualty. At the same time comprehensive liability will be discussed by Arthur L. Williams, Pennsylvania State, and Burt E. Kelley, U. S. Plywood Corp.

On the afternoon program, Floyd L. Rice, Pittsburgh, chairman of NAIA agency management committee, will discuss agency cost surveys, and Eugene A. Myers, Pennsylvania State, will discuss income tax of agencies.

## Inland Marine Bureau On PPF Pet Damage Exclusion

Inland Marine Insurance Bureau, in connection with exclusion of pet damage on personal property floaters, has indicated in a bulletin that the exclusion is not intended to apply to scheduled property. The conditions applicable to scheduled property are those which would apply were such property separately insured.

## Warner To Local Agency

William Warner, who has been in the Kentucky field with Royal, has joined the E. S. Tachau & Sons agency in Louisville.

## New Handbook Ready For North And South Dakota

A new Underwriters Handbook of North and South Dakota has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout these states. Copies of the new North and South Dakota handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.

## Cleveland Board Holds Annual, Elects Frankel

Willard E. Harn and Merwyn B. Smith were elected to the board of



J. H. Bishop Jr.



G. E. Frankel

trustees of Insurance Board of Cleveland at the 114th annual meeting last week. Paul D. Cousineau and George E. Frankel were reelected. Mr. Cousineau has been on the board since 1957 and Mr. Frankel since 1953.

George E. Frankel was elected president and William E. Wilson, vice-president. Mr. Frankel has been vice-president and has been a member of the board of trustees since 1953.

## Bishop Reelected

Joseph H. Bishop Jr. was reelected secretary-treasurer for the 11th term and continues as executive vice-president.

In his report as president, Paul R. Goldenbogen reviewed board services and activities and urged a membership campaign. He reported on the status of the board litigation in which it is defending anti-trust charges filed by the Department of Justice and in which no decision from a court trial of March 7-14 has been rendered. Mr. Goldenbogen also supported the NAIA Big I advertising campaign.

## NAUA Western Regional Unit Reelects McFarland

John G. McFarland, National Union, was reelected chairman of the western regional committee of National Automobile Underwriters Assn. at the annual meeting of western representatives last week. Paul H. Barr, Hanover, was reelected vice-chairman.

Changes in the committee representation included the replacement of W. A. Seely, retired western manager of Crum & Forster, by Robert R. Hayes, his successor, and the addition of Andrew J. Luck of America Fore.

## New Shatterproof Glass Directory

Claim personnel of major insurers will soon receive a revised directory from Shatterproof Glass Corp. of authorized Shatterproof dealers. There are now more than 6,000 dealers and distributors of Shatterproof Glass. Copies of the directory may be obtained either from local Shatterproof dealers or from Shatterproof Corp., 4815 Cabot Avenue, Detroit 10, Mich.



**NORWICH UNION-EAGLE**  
Insurance Group



## Producers Oppose Some AR Changes

(CONTINUED FROM PAGE 1)

limit with a certificate showing his accident and driving record. Insured can take this certified information and in many cases get coverage in the regular market.

The problem of the insurer that considers writing insured who have been in the plan is to get correct information. Much of the information it now gets is incorrect or incomplete. Mr. Karlin, whose company writes in the metropolitan and western New York areas, said he had polled 15 other companies and got a favorable reaction to his proposal.

### Mutual Agents' Position

Gay W. Milbrandt of Pelham, director of New York State Mutual Agents Assn., whose agency writes approximately \$100,000 a year in AR premiums for around 20% of his total auto liability volume, said imposition of a 10% surcharge on clean risks would work many inequities. Many clean risks are good risks.

Mr. Milbrandt said the mutual

agents oppose the increases in the present surcharges as being too large. (Surcharges would be based on points, under the proposed changes, and these run up to 100%.) He also opposed deletion of the plan's present provision for commission (5% for long haul trucks and public passenger carrying vehicles and 10% for other risks) and field supervision allowance. Commissions then would be negotiated by insurers with producers individually.

Mr. Milbrandt favors the proposal to give the insurer assigned risk credits for class 2 business written voluntarily.

He said his own agency's loss ratio on AR business has been excellent. Many assigned risks are in the plan, he added, for reasons readily corrected—a new young driver (young drivers become good customers), an old car, and others. So his agency constantly moves risks out of the plan—not all of them stay there three years by any means.

John P. Brady, a Flushing agent, stressed the inequities in the whole surcharge system as being unfair to

## LOSSES PER DOLLAR OF PREMIUM

1958  
ASSIGNED RISK PLAN



the "reasonably safe driver." Adoption of a point system to arrive at surcharges is unfair, he said; for example, a speeding conviction costs more than is charged for passing a stop sign. He suggested that companies might want to take business through the AR plan because they get more money and pay less commission.

Mr. Brady didn't think much of the proposal to merit rate assigned risks. Safe driving is no more than the state expected of the driver when it gave him the license. Why pat him on the back with a 10 to 30% credit for doing what he ought to do?

Ernest E. Johnson, Harlem broker, represented United Brokers Assn., which has 75 members and sells mostly to Negroes and Puerto Ricans, most of whom are in the low income class and live in "economically depressed areas."

He thinks the insured's term in the plan should be reduced from 36 months to 18, which would bring it into agreement with the term of the driver's license.

The AR policy is not as good as the family auto policy, and he suggested the superintendent order the insurers to make the family auto policy avail-

able or refund part of the premium charged assigned risks for the more restrictive policy.

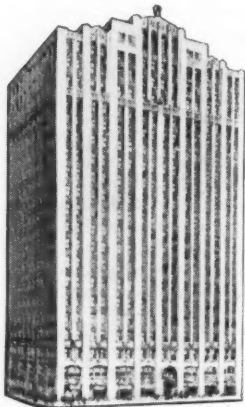
Mr. Johnson is against requiring payment of the premium in full with the application. The increase in surcharges is "an unwarranted burden on Negroes," he declared. He said the brokers can, if asked, produce the bodies of "discriminated victims" of surcharges.

Gov. Rockefeller should name a legislative group to study the AR plan and make constructive proposals for its overhaul, he declared. The brokers oppose elimination of the commission provision. Taking the application through "the booby trap maze of the assigned risk application" is expensive and time consuming for the broker, he said. He indicated the belief that elimination of the provision could mean nothing less than a commission reduction or elimination.

He wondered why the companies after they decided "to segregate these risks into one bucket" contrary to the spread of risk theory of insurance now want to make profit on it. It is basically substandard business and is not reasonable for them to expect

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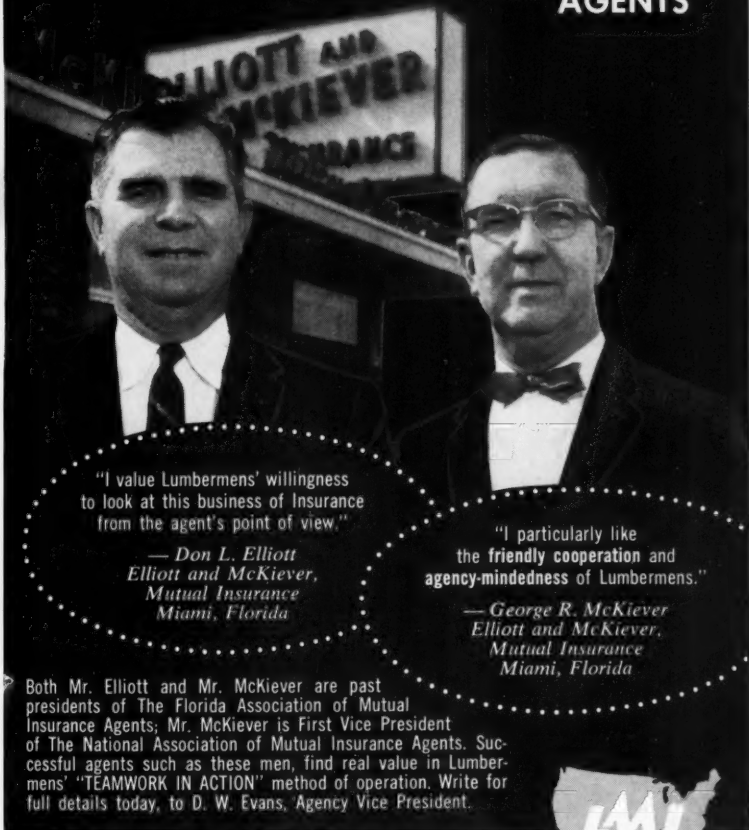
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Mutual Insurance  
Miami, Florida

"I particularly like the friendly cooperation and agency-mindedness of Lumbermens."

— George R. McKiever  
Elliott and McKiever,  
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make a profit on it, he said.

The proposals are one sided, he declared. They ought to be bilateral, with the companies on one side, the producers on the other, and the superintendent acting as arbiter.

Mr. Alford asked him if he were advocating that the additional premium burden of the assigned risks should be borne by them or imposed on all insured.

In the afternoon a big red and black sign appeared in the hearing room stating: "Assigned Risk Loss Ratio 85%, Empire Mutual." Mr. Karlin protested. Mr. Johnson said he didn't make the sign but indicated he knew about it. Mr. Alford had the sign removed.

Edward Sirlin, Brooklyn broker, was recalled to the stand and questioned by Mr. Alford. Mr. Sirlin, whose office handles 1,000 auto risks a year, puts 70% of them into the AR plan so that he can get the FS-1 promptly. He said car owners can't or won't wait nine to 15 days while the insurer runs an inspection and acts on business submitted in the regular way.

He charges a \$20 service fee (this is in addition to commission) when the risk first goes into the AR plan.

He was asked about the loss ratio on his AR business. He said that insurers do hold his loss ratio on voluntary auto business against him and he doesn't understand why. He said he takes no underwriting responsibility for underwriting auto business—that is up to the company. But their poor management shouldn't be held against the brokers until the latter have virtually no market left, he declared.

### Commission Earned

Mr. Sirlin proposed that the commission on ARs be earned when the policy is issued. He believes a broker has earned it by that time. Presently, on short term policies, he has to return a pro rata part of his commission. What about service during the life of the policy, Mr. Alford asked. Mr. Sirlin helps insured with the loss form.

How widespread is use of service fees on ARs, Mr. Alford asked. Nearly all brokers charge such fees, Mr. Sirlin replied. This drew loud protests from the audience, which contained a number of brokers.

Mr. Alford suggested that if the superintendent approved a percent commission for ARs, he might have to determine how many producers are charging fees—and perhaps prohibit them from doing so. Mr. Sirlin answered this by describing the hours and hours he spends to get an AR through—perhaps three hours getting to insured and talking with him, often another six or seven hours getting to the plan and getting waited on, etc.

Alfred D. Lerner, member of the state assembly from Queens, testified that many insured are in the AR plan not because of their own fault but because of "the irresponsible and callous manner in which the insurance companies have treated this situation." The insurers, he charged, are practicing "coldly calculated racial and ethnic discrimination against Negroes and Puerto Ricans." He urged investigation of such discrimination.

He also asked the superintendent and attorney general to investigate the "catchy advertising" of insurers, known for their cancellations, of auto coverage at prices which are applicable to very few insured. He was cheered.

Edward Garcia, New York attorney, charged that many Puerto Ricans are forced into the AR plan by the insurers because they are Puerto Ricans.

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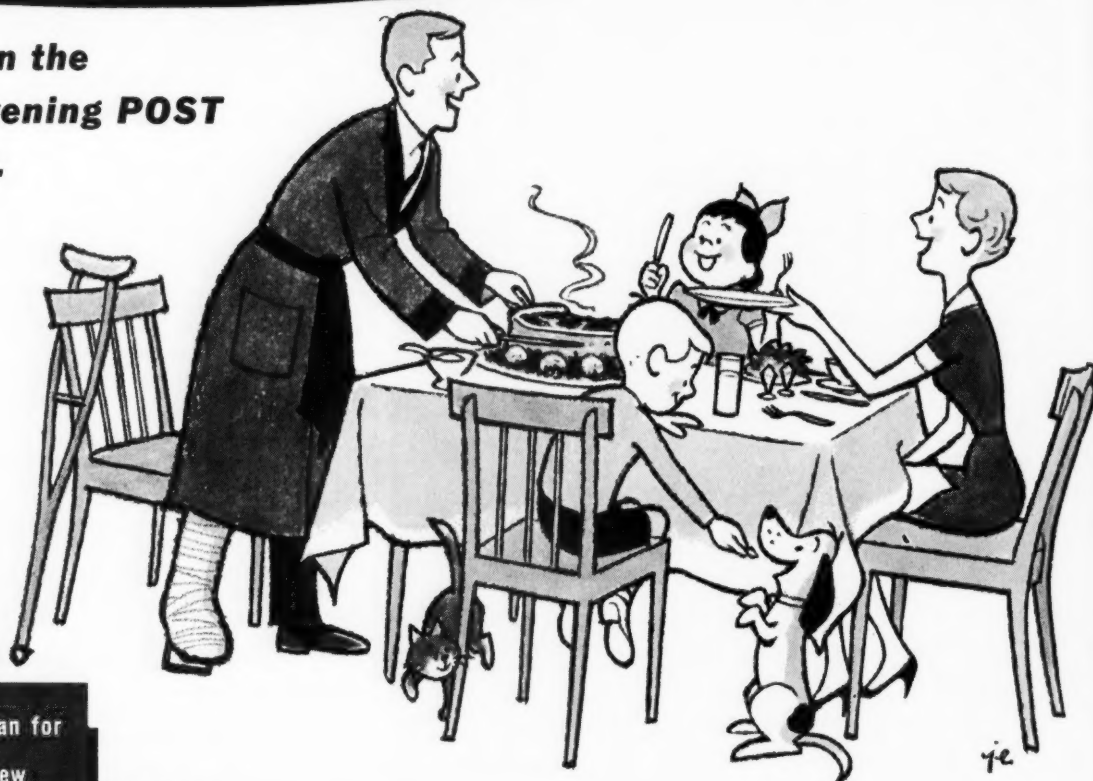
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